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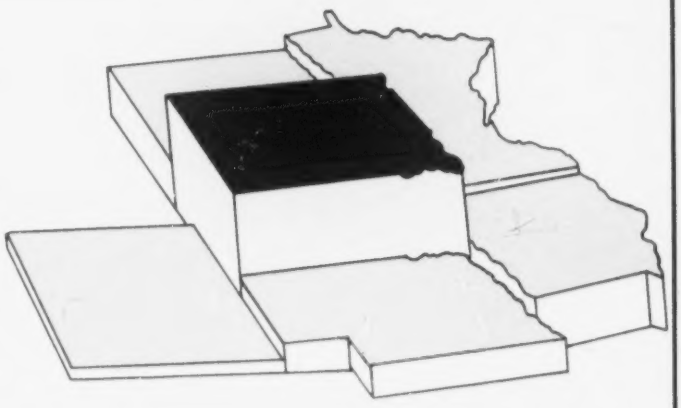

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General Indicators	Latest Quarter	SOUTH DAKOTA Latest Quarter	SOUTH DAKOTA Year Ago	SOUTH DAKOTA Percent Change	UNITED STATES Latest Quarter	UNITED STATES Year Ago	UNITED STATES Percent Change
Personal Income ($ Mil.)	1989-2	9,888	9,162	7.9	4,347,416	4,005,952	8.5
Farm Prop. Income ($ Mil.)	1989-2	978	755	29.5	49,992	42,040	18.9
Non-ag Employment (Thous.)	1989-3	269	267	0.7	108,895	105,976	2.8
Unemployment Rate (%)	1989-3	2.7	3.9	-30.8	5.2	5.4	-3.7
Total Employment (Thous.)	1989-3	354	349	1.4	118,697	116,426	2.0

Note: All U.S. data seasonally adjusted except for the unemployment rate and total employment. For South Dakota only personal income and farm proprietors' income are seasonally adjusted.

USE OF CHARGEBACK SYSTEMS IN THE ALLOCATION OF COMPUTER DEPARTMENTS

by Thomas L. Davies, J.D., CPA

Chargeback or chargeout systems, as used in this context, facilitate the allocation of electronic data processing (EDP) departmental costs to the users of computer services. Such systems have long been put to beneficial use by businesses and more recently by governmental units concerned with the economical and efficient operation of their EDP department.

Early charging mechanisms which were developed in the 1950s were relatively simplistic given the serial processing type of systems then in use (Hootman, 1977). Recent advancements in chargeback methodologies have occurred out of necessity; technological advances leading to multi-programming and multi-processor computer systems have resulted in increasingly complex

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About the Author: Thomas L. Davies, J.D., CPA is Assistant Professor of Accounting at the School of Business, The University of South Dakota in Vermillion

THE 150 HOUR REQUIREMENT FOR ACCOUNTING STUDENTS

Ronald J. Beckman, Ph.D

In an effort to restructure the accounting profession, the members of the American Institute of Certified Public Accountants (AICPA) voted in favor of several changes in requirements for membership. Among those changes was what has become known as the 150-hour requirement. Now part of the AICPA's membership requirements state that

> *Those applying for membership who first become eligible to take the examination required by section 2.2.2 after the year 2000 who shall have obtained 150 semester hours of education at an accredited college or university including a bachelor's degree or its equivalent.* [***AICPA***, 1988(a), Section BL 220]

A common fallacy among non-accountants is that the AICPA

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About the Author: Ronald J. Beckman. Ph.D. is Assistant Professor of Accounting at the School of Business, The University of South Dakota in Vermillion.

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TREND OF BUSINESS

by Toni Johnson

The United States Economy

The Department of Commerce states that the annual growth rate of real Gross National Product (GNP) in the third quarter of 1989 was 2.7 percent, an increase of 0.2 percent from the second quarter of this year. According to the ***Sioux Falls Argus Leader***, economists are forecasting slower economic growth, resulting in slower real GNP growth in the next year. This may in part be due to the Federal Reserve Board's anti-inflation campaign. ***Blue Chip Economic Indicators*** predicts real GNP growth of 1.7 percent in 1990.

Disposable personal income rose 8.4 percent in the third quarter compared to a year ago. The rate of personal savings declined 0.3 percent from 5.3 percent in the second quarter of 1989 to 5.0 percent in the third quarter. Personal savings in the third quarter was 5.1 percent of disposable personal income, compared to 5.4 percent last quarter and 4.3 percent in the same quarter last year. This decline in personal savings may be due to the larger than normal increase in personal consumption expenditures.

Unemployment in the United States fell slightly this quarter, to 5.2 percent down from 5.3 percent last quarter. The ***AFL-CIO News*** issue of November 13, 1989, stated that the weak manufacturing sector activity has kept the unemployment rate at its current level, despite employment gains in the local government and service sectors. This decline in manufacturing employment is accompanied by a decline in the output of goods. The industrial production has declined for the first time in three years.

The Index of Leading Indicators has been steadily increasing. It rose 0.5 percent in August and 1.0 percent in September compared to the same period a year ago. In October, the Index of Leading Indicators declined 0.4 percent from the previous month.

Inflation as measured by the Consumer Price Index (CPI) slowed in the third quarter, increasing only 4.7 percent from this period a year ago.

South Dakota's Economy

Standing at 3.1 percent in the third quarter of 1989, South Dakota's seasonally adjusted unemployment rate is at its lowest point in over ten years. This unemployment rate is 1.1 percent lower than last quarter's 4.2 percent rate, and 1.4 percent lower than the 4.5 percent recorded in the same quarter last year. South Dakota's unemployment rate remains well below the national rate.

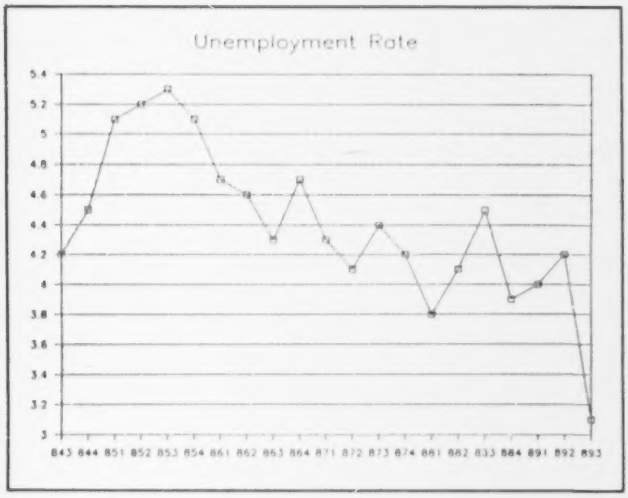
Seasonally adjusted third quarter non-agricultural employment continues to rise slightly, increasing 0.2 percent since last quarter. After posting an increase of nearly 1 percent since the same period last year, seasonally adjusted non-agricultural employment has reached its highest point in over twelve years. The South Dakota Econometric Model (see page 8) predicts slight increases in both total employment and nonagricultural employment for 1990.

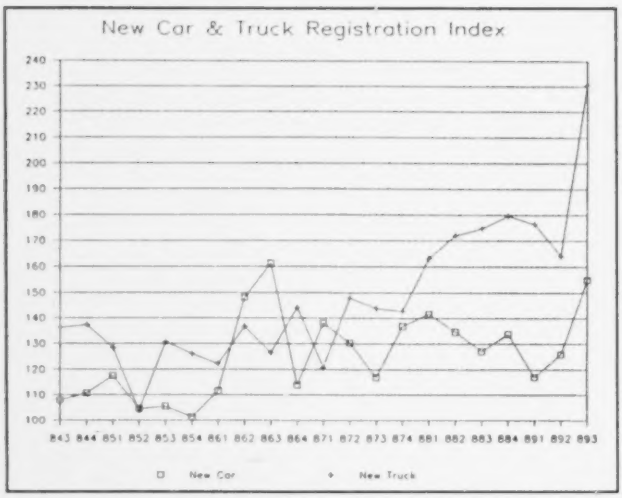
Continued on page 7.

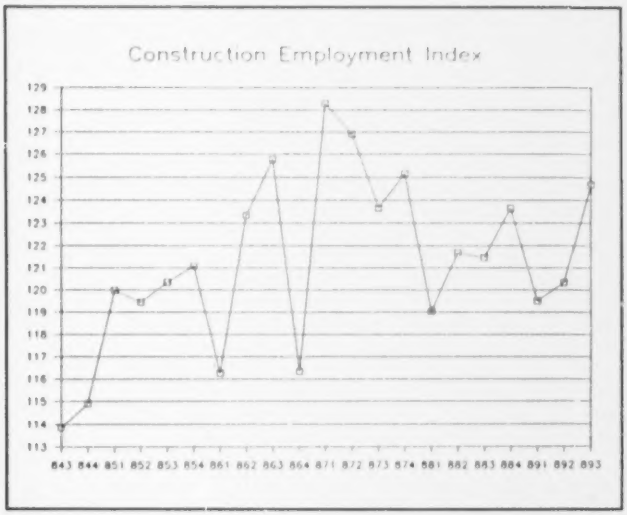
SOUTH DAKOTA BUSINESS & ECONMIC INDICES

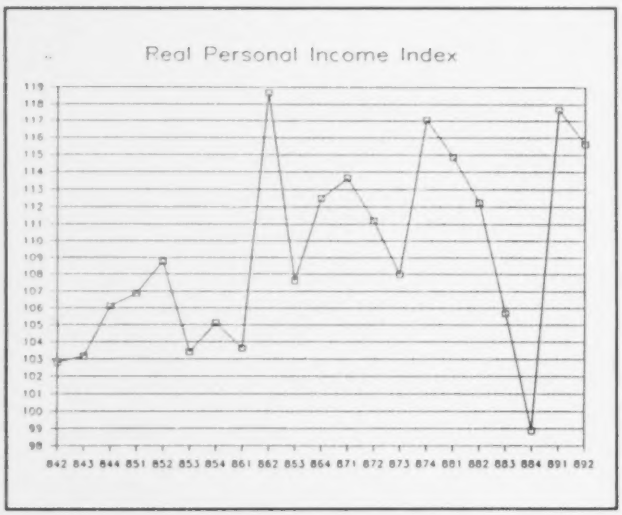
Quarterly Data 1984-89

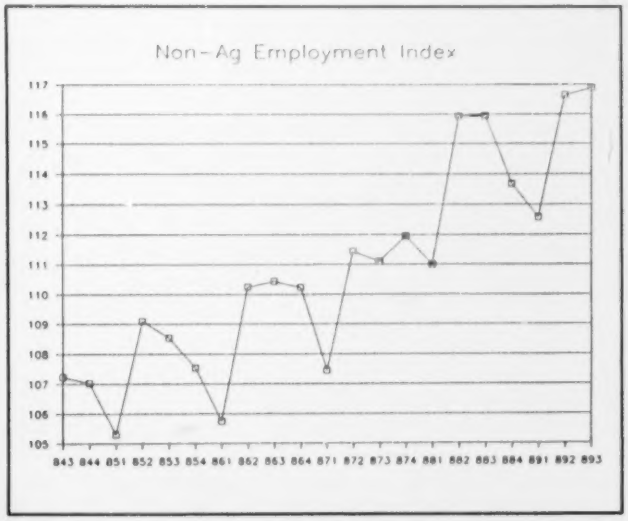
Adjusted for Seasonal Variation

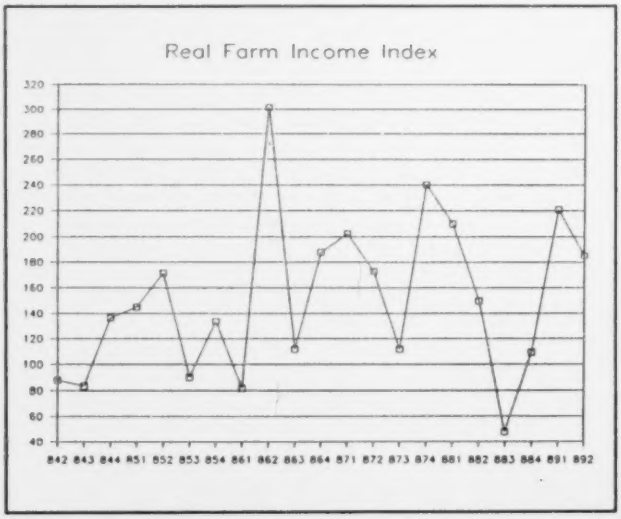












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chargeback systems so as to permit the allocation of hardware, software, and data processing personnel costs to multiple and simultaneous users. As networking becomes more commonplace with numerous off - premise users accessing the computer via network communication lines, chargeback systems will continue to evolve to meet the demands of both those using and providing EDP services.

A computer department's level of maturity generally influences an organization's immediate need for a chargeback system. Four stages of growth in the life of a data processing department have been identified: initiation, expansion, formalization, and maturity (Hoffman, 1984). In the initiation stage, data processing is operated as part of another department, such as accounting. The costs incurred and benefits derived are easily identified and generally are not allocated to other divisions. The expansion stage is characterized by a growth in applications and users and hence costs; allocation problems begin to surface and arbitrary methods are often utilized. Rapid cost increases lead the organization into the formalization state, whereby control measures are implemented and the focus is on equitable chargeback systems. Finally, when data processing has reached maturity and its activities are integrated with the rest of the organizational goals, a systematic chargeback system generally exists.

Acceptance and implementation of chargeback systems generally occurs because top administration or management eventually decides the place it wants EDP to take within the organization (Hootman, 1977). Top management or administration must specify specific objectives for the data processing center to help ensure the center works toward accomplishing the goals set for the organization as a whole. Not every objective of the data center will necessarily be consistent with other objectives set for it or the organization. If not, priorities must be set so the objectives most compatible with top management's goals are emphasized.

When fully developed and functional, a chargeback system should at best maximize worthwhile and minimize frivolous computer usage, encourage efficiency within the data processing center itself, and spark interest in and participation by users to develop and implement innovative applications (Cushing, 1976). The following non-exclusive list of specific objectives of chargeback has been formulated (Hootman, 1977):

Cost Recovery. For many organizations recoupment of the computer costs incurred is the most important goal or possibly the only ambition of a chargeback system; total charges to users should be equal to at least the cost of providing the services. Whether the charge should include a profit element will be discussed subsequently.

Equitability. The billing algorithm producing the charge should consider only the work the application requires and the resources that the project uses. To be completely equitable, precise distinctions must be made with respect to the resources used. This objective will very often result in a complex charging system.

Reproducibilty. A similar if not exact charge should be made for a particular job regardless of when or how the job is run, and regardless of whether other jobs are also being executed concurrently.

Understandability. A billing algorithm which produces charges that are easy to understand and explain helps facilitate the evaluation of the computer resource and the estimation of the cost of the proposed application

Conformance to Strategic Plan. The charging system should be designed in such a way to assure it conforms to the operating policies, philosophies, and goals of the organization.

Cost Competitiveness. Internal charges should be comparable to rates offered by outside service bureaus, especially where user departments have access to external sources.

Extendability. The charging structure should be flexible and forward-looking to eliminate (or minimize the chance of) the necessity of a billing overhaul resulting from technological computer advances.

Stability. Changes in the published rate structure are detrimental to users in budgeting computing costs, and can lead to lost users and lost confidence in the center's ability to control its own costs. Absolute stability is impossible, however, until usage and future costs can be predicted with certainty, and the requirement to break even is abandoned.

Stability of Reported Usage. Advocates believe there should be no change in the measuring or charging system that would substantially alter reported usage. Critics disagree where modifications can be properly documented and users adequately informed in advance.

Differentiation. The charging mechanism should be designed to attract usage or control the timing of usage.

Allocation of Dollars. The billing algorithm in place should facilitate the allocation of funds available for computer services in a rational manner.

Regulation of Purchase. The charging system itself should regulate the demand for computing services by setting the rate in such a way to generate a level of usage.

A properly designed chargeback system which incorporates some or all of the afore-mentioned objectives offers numerous advantages that can improve the efficiency and effectiveness of the organization. From the computer center prospective, a chargeback system enables the recovery of costs associated with the information processing department (Choudhury et al., 1986). Depending on the budgetary and the performance evaluation system used, the data processing manager may have incentive to keep his or her operating costs down; further incentive is provided if the user is permitted to go outside the organization and acquire the computer resources and services it needs. Chargeback can also aid in the planning and acquisition of additional computer resources; the need for additional hardware and software should become more measurable. It also facilitates decentralization within the organization with its accompanying advantages such as specialization, autonomy and motivation (Choudhury et al., 1986). From the user standpoint, greater involvement in the availability of services and the pricing structure itself is encouraged. Users, when paying for the service, generally will more closely analyze a prospective project from a cost-benefit perspective, thereby reducing the number of suspect ventures being undertaken. Computer resources will be released for the processing of worthwhile, potentially more profitable projects, however defined.

While chargeback has many pluses, there are also perceived, if not actual, disadvantages. However, it has been suggested that these drawbacks are costs of operating the system, rather than grounds for not having one (Choudhury, et al., 1986). When users are required to pay for their usage, they may be discouraged from taking chances; innovation may be inhibited. The pricing structure may also lead to dysfunctional (anti- organization) decision making in that a prospective application may be rejected because it yields

a lower profit than expected or which is normally generated (Choudhury, et al., 1986). Or alternatively, the user may purchase its requirements from an outside service bureau at a price greater than the internal incremental cost, even though there is excess capacity internally. Certain users, in particular those with smaller operating budgets or less technological expertise, may have limited access to the artificial intelligence resources. The system can be costly to develop and implement (McGee, 1984); likewise, accounting complexity and costs generally increase. Finally, the chargeback system may create controversy and disputes as most every user views "equity" in a light most favorable to themselves.

If some form of chargeback is favored by management, the computer center may be organized and operated as either a cost (service) center or a profit center. If the cost center approach is adopted, the computer center allocates its costs to those user departments consuming its services on the basis of some measure of usage. Costs that are allocated to users include the computer department's own costs as well as its share of central overhead charges that have been themselves allocated to it (Choudhury et al., 1986). Under such an approach, the objective is to break even, although the definition of costs that are to be recovered can vary among organizations. If the department is to be run as a profit center, the charge to user divisions (often called a transfer price) will contain a profit element. A true profit center is one that is able to sell to outside users; a quasi profit center charging a cost plus or a market price can still capture benefits generated through decentralization (Choudhury et al., 1986).

Obviously a cost center type approach to chargeback should result in a lower price than the profit center approach due to the lack of the profit element; as a direct result, this approach should tend to encourage more extensive use of the computer facilities (Cushing, 1976). In addition, the price should generally be lower than market, which should keep users from going outside the organization where that option is available. Fewer user disputes over the equity of the price charged should arise. Alternatively, the profit center approach is superior in motivating the data processing department manager to keep costs down and quality and efficiency up (Cushing, 1976). He or she has incentive to provide new services and to remain technologically current in order to remain competitive, although this motivation is diminished if users must remain within the organization. Top management will also have available better data to evaluate the economic feasibility and strength of the data processing department (Cushing, 1976).

When the data processing department is structured as a profit center, typically a transfer pricing policy is used, most commonly market oriented. The minimum transfer price or charge should be the variable or incremental cost in providing the service plus the opportunity cost in selling to a particular user. If there are no other users, or if the center has available capacity, then this opportunity cost is zero. When data processing is treated as a cost center, price is based solely on cost recovery. Cost under either the profit center or cost center approach includes two elements, the computer system operational cost (including hardware) and the manpower cost in the form of systems development and maintenance staff (Hootman, 1977). Both need to be considered, either in terms of actual or standard costs.

While actual computer department costs are generally available, the use of standard costs is often more desirable. A standard cost system uses predetermined rates based on projected costs and usage as of the beginning of the period involved (Lin, 1983). This rate or rates should remain constant throughout the period, although provision can be made for rate modifications where users are informed of the changes well in advance. Standard rates make budgeting and planning for computer users less complicated. In addition, users have more direct control over their own computer usage expenses under a standard cost system. When actual costs are used, rates will go up when usage goes down, and rates will go down when usage goes up; a particular user's computer charge may as a result become more influenced by other's usage than by its own (Wenk, 1986). Standard cost systems also facilitate performance evaluations of the EDP and user departments as actual costs and resource utilization can be compared with expected levels (Wenk, 1986).

The implementation of a chargeback system normally involves three or four steps, depending on whether a service center or profit center approach is adopted (Willits and Alley, 1985).

Step 1. Select usage indicators. Many different allocation bases can be used to allocate costs. Historically charging algorithms have been complex and at times irrelevant to users because they have been designed by computer technicians. Some users find detailed charges to be incomprehensible and thus not directly controllable. In addition, personnel costs have often been considered indirect costs and added as overhead to hardware charges. Since manpower costs have become one of, if not the largest component of computer processing costs, charging inequities have resulted. Users requiring heavy hardware resources may bear much of the personnel costs even though they do consume only small increments of human resources. Care must be taken in selecting the correct number of usage indicators or allocation bases so as to ensure users are equitably charged, while at the same time not overwhelmed and confused.

Step 2. Allocate costs to indicators. Direct costs, i.e., those costs directly traceable to a particular computer resource in an economically feasible manner, are first assigned to each selected usage indicator. Indirect costs, those that aren't directly traceable to a particular function or those that are too minor in amount, must then be assigned to allocation bases in a manner that fairly and clearly distribute the computer center's overhead.

Step 3. Determine indicator unit costs. This step relates to setting the predetermined rate to be used. As previously discussed, either actual or standard costs can be used in the numerator, with consideration being given to future or replacement costs if so desired. Many choices exist as to what denominator level to use; actual usage, expected usage, and normal operating capacity have all been suggested and used. Normal operating capacity is based on the number of usage measure units users could consume if the computer center operated at normal capacity (Willits and Alley, 1985).

Step 4. Set prices. If the service center approach to chargeback is adopted, the price charged equates to the indicator unit cost as determined in step three. If a profit center approach is utilized (which may arise where the institution has an objective to replace hardware, etc., but has not included such costs in step three), then a pricing structure must be incorporated that is consistent with the administration's objectives.

Conclusion

While chargeback systems may not be justifiable for every organization, many may benefit from its implementation. Even if the system is not accompanied by actual transfers of funds between the user and provider departments, goal congruence, efficient resource allocation, and cost containment, as well as other objectives, can be achieved. Given the degree of flexibility in structuring, implementing, and monitoring a chargeback system, such a system can be specifically tailored to meet the organization's special needs.

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establishes the standards for becoming a CPA. Instead each jurisdiction (the State of South Dakota is one jurisdiction) has its own requirements for obtaining a license to practice accounting. Generally there are three requirements that must be met to obtain a license to practice: (1) pass a uniform examination that is given in all jurisdictions, (2) obtain a minimum education and (3) receive public accounting experience. Whether or not 150 hours will be legally required to practice accounting in South Dakota will depend upon whether or not the state changes the laws concerning the minimum education requirement. Currently eight states have laws that require or will require additional education hours (Florida, Utah, Tennessee, Hawaii, Alabama, Montana, Texas and West Virginia).

Although it has no statutory power, the AICPA is the leading public accounting organization in the United States. The additional educational requirements are also supported by the National Association of State Boards of Accountancy (the state boards certify accountants and enforce the laws in each state), the American Accounting Association, and the Federation of Schools of Accountancy. The political power of these organizations is evidenced by the recent approval of the eight states to incorporate some version of the additional education requirement. But political power of an organization does not necessarily mean that the policies advocated by said organization are good. This article will examine (1) the stated reasoning behind the requirement and (2) the costs associated with enacting a 150 hour requirement.

STATED JUSTIFICATION FOR 150 HOUR REQUIREMENT

The AICPA states:

> *The financial arena is becoming more complex with each passing day. Men and women at all levels of business, commerce, industry and government must deal with these complexities. They are turning to certified public accountants for assistance in handling these new challenges and in making critical business decisions. But prospective CPAs need more education to master the growing scope of knowledge needed to practice tomorrow's accounting.* [***AICPA***, 1988(b)]

Although I am not familiar with the requirements for an accounting major at other South Dakota colleges and universities, I believe that they have the same constraints that we face at The University of South Dakota. Therefore, although I will address our constraints specifically they can be generalized to include all liberal arts institutions in South Dakota that offer accounting majors. At the University of South Dakota, accounting majors basically have few electives once they enter the School of Business. The seven to nine elective hours that they do have are usually used for internships in accounting. When the accounting faculty determines that a new course or subject material would be appropriate, the question becomes what course or material can be eliminated. There are, however, three constraints on the elimination of courses or subject material: university requirements, accreditation requirements, necessary knowledge for proficiency in accounting. With the new requirement, the accounting student will be able to increase the amount of course work in accounting and business without sacrificing important courses in the arts, humanities and sciences (the University must still honor the liberal arts mandate that it has).

COSTS OF THE REQUIREMENT

One of the first questions asked is "what is the cost to implement the requirement?". There are costs to society, costs to the profession, costs to the colleges and universities, and costs to the students.

The accounting profession has committed itself to serving the public interest. However, the additional educational requirements of students may drive up the price of accounting services which in turn may cause some marginal businesses to seek less expensive alternative sources to perform the services usually performed by accountants. This in itself would not be harmful if the source of assistance in business decisions is as qualified as the accountant. However, the use of less qualified individuals may lead to suboptimal business decisions which may in turn lead to the demise of these marginal businesses. The added cost may price the accounting services beyond the reach of those who could benefit the most from the expertise of the profession.

The costs to the profession is the higher starting salaries that must be paid to 150 hour graduates. These salaries may or may not be passed on to the client. Without an increase in service, businesses would be reluctant to pay higher professional fees. It is expected that the accounting firms will absorb at least some of the additional payroll costs.

However, Wilber Van Skoik of Harper, Van Skoik & Co,. Clearwater, Florida states that starting salaries at his firm jumped about 20 percent, but he still believes the requirement saves money. "The people coming out of these programs are staying in public accounting, so our turnover rate has dropped significantly. I don't have to spend money training three people to get one." [Cowherd, 1989]

The costs to the colleges and universities of South Dakota may include the development of new capacity to accommodate the additional students remaining in school for an additional year. Although the University of South Dakota has a graduate degree in accounting in place that could be adapted for the additional hours needed, the question is whether additional costs would be incurred.

Would additional sections of classes be required? Would additional faculty have to be hired? Would additional classroom space be needed? Although I don't foresee this as a major problem at the University as the structure is in place, it may be at other institutions in the state. Could they expand their offerings at no cost, moderate cost, or would it necessitate a large inflow of resources? Would the state be willing to fund the expanded program? Would we have further duplication of programs? These questions are not yet answered and studies must be performed to estimate the costs to the institutions of higher learning in the state.

It should be noted that not all accounting students would be affected. Those students that go into public accounting represent about forty percent of the accounting graduates here at the University. The four year program would still be maintained and be adequate for those looking to the private sector for employment. This means that those schools only offering four year degrees could continue to offer those degrees and their graduates would still have career opportunities. Those that wished to go to public accounting could complete the additional hours either by taking other undergradate courses or by completing a graduate program at another institution. The AICPA regulations, after examining the types of institutions that offer accounting degrees, allow for many options in completing the additional requirements so that most of the colleges and universities could adapt their programs if they so desired without having to change the character of their institution. A masters degree in accounting is not a requirement.

There are two important costs to the students who would decide to go for a 150 hour option: opportunity costs and additional education costs. The students would be foregoing a year of income by staying in school. For example, instead of earning $20,000 working as an accountant for industry they would be spending $10,000 in additional education costs. The total costs to the students (simplified analysis) would be $30,000. Could they make this up over their remaining career? If the starting salary is significantly higher and the raises are the same as previously, the costs would most likely be recovered. However, would the students have the resources to continue another year? If the resources are not available, the option to continue is taken away. Can the students, the schools, or the state come up with the resources necessary for the students?

A benefit to the student in addition to the anticipated increased starting salary is the chances of passing the CPA examination. Although the additional education is not currently needed to pass the examination, a study of the Florida results (Florida was the first state to enact the requirement and the only state from which data has been available) indicate that Florida students who went the extra year exceeded the national average for first time pass rates for the three years studied (1985, 1986, 1987). [***Accounting Today***, p. 14]

CONCLUSION

The momentum at the current time is for a change to the 150 hour requirement. Currently the eight states that have implemented the requirements contribute eighteen percent of the candidates who sit for the CPA examination. Legislatures in other states can be expected to act on proposed changes in their accounting laws. Although each state establishes its own licensing requirements, the actions of other states cannot be ignored.

Previously, South Dakota requirements for a CPA met or exceeded other states. This allowed for reciprocity; that is, if I have met the requirements for licensing in South Dakota, I can obtain a license to practice in Nebraska. These reciprocity agreements come to an end when the requirements of states are significantly different. For example, students who qualify for a license in South Dakota do not currently qualify for a license in Florida. To prepare our students for a career in accounting the options have to be given for them to take the hours necessary for qualification as an accountant in any of the states. If we do not offer this option, many of the better students will seek their education elsewhere.

In my opinion, the problem is not making a decision on whether to implement the 150 hour requirement. Either implicitly or through legislation the requirement must be implemented if South Dakota is to maintain a viable accounting education program. The problem instead is how to implement the program at the lowest cost. The state, schools and the profession must work together on the solving of this problem.

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Trend of Business continued from page 2.

The September issue of the ***South Dakota Labor Bulletin*** projects that farming will suffer the greatest decline in employment in the next decade. Contributing to this decline are high operating costs and increased mechanization resulting in the need for fewer workers. The three areas with greatest expected growth are retail salespersons, registered nurses, and waiters/waitresses. The outlook through the year 2000 is for greatest growth occurring in the health services industry. The average number of hours worked a week in private employment increased from 34.1 in September 1988 to 34.3 in September 1989. Average hourly earnings in private employment rose from $7.34 to $7.64 in the same time period.

In the construction industry, employment levels are also up. The employment level in the construction industry rose 3.7 percent from last quarter and is 2.6 percent higher than the same period last year. On a seasonally adjusted basis, construction employment is also at its highest level in nearly two years.

Personal income dropped slightly in the second quarter of 1989. The 1.8 percent decline in personal income reflects, in part, the 16.3 percent decrease in farm income since the first quarter of the year. Farm income is up 23.6 percent from the second quarter in 1988. Personal income has increased 3.0 percent in the same time period. As shown in the South Dakota Econometric Model (page 8), personal income is predicted to decrease slightly in 1990, while farm income is expected to fall dramatically. It is anticipated that the United States as a whole will follow this pattern.

New truck registrations have risen significantly, reaching an all time peak in the third quarter of 1989. Seasonally adjusted, the sales of new trucks has rebounded dramatically from last quarter's slight decline, increasing 40.6 percent. New car sales, seasonally adjusted, also posted a hefty increase, rising 23.0

Continued on page 12.

SOUTH DAKOTA FORECAST

SOUTH DAKOTA ECONOMETRIC MODEL
(Business Research Bureau, University of South Dakota)

VARIABLE	1988.3	1988.4	1989.1	1989.2	1989.3	1989.4	1990.1	1990.2	1990.3	1990.4	1991.1	1991.2	1988	1989	1990
	HISTORICAL				FORECAST										
SOUTH DAKOTA DATA-MIL OF $'s															
SD PERS. INC (CUR $'s)	$8,719	$9,248	$9,931	$9,888	$9,916	$10,097	$9,981	$10,098	$10,226	$10,364	$10,434	$10,602	$9,094	$9,958	$10,167
SD PERS. INC (82 $'s)	6,964	7,327	7,813	7,724	7,693	7,777	7,625	7,645	7,668	7,691	7,659	7,697	7,313	7,752	7,657
NONFARM (CUR $'s)	8,407	8,615	8,709	8,840	8,946	9,055	9,172	9,297	9,431	9,573	9,732	9,909	8,373	8,887	9,369
NONFARM (82 $'s)	6,715	6,826	6,851	6,905	6,940	6,974	7,007	7,040	7,072	7,104	7,144	7,193	6,731	6,918	7,056
FARM (CUR $'s)	312	633	1,222	1,048	970	1,042	809	800	795	791	703	693	722	1,071	799
FARM (82 $'s)	249	502	961	819	753	803	618	606	596	587	516	503	582	834	602
SD WAGE & SAL (CUR $'s)	4,299	4,428	4,456	4,510	4,558	4,596	4,640	4,688	4,744	4,806	4,937	5,094	4,294	4,532	4,719
SD WAGE & SAL (82 $'s)	3,434	3,508	3,506	3,529	3,536	3,540	3,545	3,550	3,557	3,566	3,624	3,698	3,452	3,528	3,554
SD GROSS SALES (CUR $'s	3,473	3,779	2,969	4,031	3,762	3,856	3,238	3,734	3,813	4,065	3,494	4,053	13,453	14,617	14,849
SD GROSS SALES (82 $'s)	2,774	2,994	2,336	3,149	2,919	2,970	2,473	2,827	2,859	3,016	2,565	2,942	10,804	11,373	11,175
SD TOT EMPLOYMENT (000's)	349.4	335.5	334.6	352.0	353.3	342.9	333.0	355.7	360.8	346.6	341.3	374.3	343.2	345.7	349.0
NONAG EMPLOYMENT (000's	261.6	261.6	259.0	268.8	269.8	268.2	260.8	270.8	272.0	270.8	268.2	284.0	259.7	266.5	268.6
UNEMPOYMENT RATE (%)	3.7	4.3	4.5	3.8	3.5	4.1	5.1	4.1	3.8	4.3	5.1	3.7	3.8	4.0	4.4
U.S. DATA-BIL OF $'s															
GNP (82 $'s)	$4,011	$4,033	$4,107	$4,134	$4,151	$4,166	$4,181	$4,198	$4,220	$4,247	$4,404	$4,594	$3,996	$4,139	$4,212
FARM (CUR $'s)	27	24	59	51	40	40	31	31	31	31	28	28	34	48	31
FARM (82 $'s)	22	19	46	40	31	31	24	24	23	23	21	21	28	37	24
PERSONAL INC (82 $'s)	3,264	3,312	3,397	3,437	3,461	3,483	3,507	3,525	3,543	3,563	3,654	3,628	3,264	3,444	3,534
TOTAL EMPLOYMENT (000's	115,189	115,800	116,900	117,800	117,700	118,000	118,100	118,200	118,400	118,600	118,900	119,400	114,961	117,600	118,325
NONAG EMPLOYMENT (000's	106,475	107,344	107,680	108,324	108,500	108,500	109,200	109,200	109,200	109,200	110,500	110,500	106,025	108,251	109,200
UNEMPOYMENT RATE (%)	5.5	5.3	5.2	5.3	5.2	5.4	5.6	5.7	5.8	5.9	5.8	5.7	5.4	5.3	5.8
90 DAY T-BILL RATE (%)	7.0	7.7	8.5	8.4	7.9	7.4	6.8	6.4	6.4	6.6	6.8	7.1	6.7	8.1	6.6
REAL INTEREST RATE (%)	2.8	4.5	5.7	5.6	5.2	4.5	3.5	2.8	2.5	2.4	2.4	2.7	2.8	5.2	2.8
INFLATION RATE (%)	4.2	3.2	2.8	2.8	2.7	2.9	3.3	3.6	3.9	4.2	4.4	4.4	3.8	2.8	3.7
GNP DEFLATOR (82 = 100)	122.4	124.0	124.5	125.9	127.2	128.6	130.0	131.3	132.7	134.1	135.5	136.9	121.6	126.6	132.0
PERS CON DEFL (82 = 100)	125.2	126.2	127.1	128.0	128.9	129.8	130.9	132.1	133.4	134.8	136.2	137.7	124.4	128.5	132.8
PERCENTAGE CHANGE (ANNUAL RATES)															
SOUTH DAKOTA DATA															
SD PERS. INC (CUR $'s)	-4.8%	6.1%	7.4%	-0.4%	0.3%	1.8%	-1.2%	1.2%	1.3%	1.3%	0.7%	1.6%	3.3%	9.5%	2.1%
SD PERS. INC (82 $'s)	-5.8%	5.2%	6.6%	-1.1%	-0.4%	1.1%	-2.0%	0.3%	0.3%	0.3%	-0.4%	0.5%	-0.8%	6.0%	-1.2%
NONFARM (CUR $'s)	0.8%	2.5%	1.1%	1.5%	1.2%	1.2%	1.3%	1.4%	1.4%	1.5%	1.7%	1.8%	6.6%	6.1%	5.4%
NONFARM (82 $'s)	-0.2%	1.6%	0.4%	0.8%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.7%	2.4%	2.8%	2.0%
FARM (CUR $'s)	-62.2%	102.9%	93.0%	-14.2%	-7.5%	7.5%	-22.4%	-1.1%	-0.6%	-0.5%	-11.2%	-1.3%	-24.1%	48.4%	-25.4%
FARM (82 $'s)	-62.6%	101.3%	91.7%	-14.8%	-8.1%	6.7%	-23.0%	-2.0%	-1.6%	-1.5%	-12.2%	-2.4%	-26.8%	43.2%	-27.8%
SD WAGE & SAL (CUR $'s)	0.0%	3.0%	0.6%	1.4%	0.9%	0.9%	0.9%	1.0%	1.2%	1.3%	2.7%	3.2%	6.8%	5.5%	4.1%
SD WAGE & SAL (82 $'s)	-1.1%	2.2%	-0.1%	0.7%	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	1.6%	2.0%	2.6%	2.2%	0.8%
SD GROSS SALES (CUR $'s	14.6%	12.3%	7.5%	17.3%	8.3%	2.0%	9.1%	-7.4%	1.3%	5.4%	7.9%	8.5%	14.4%	8.7%	1.6%
SD GROSS SALES (82 $'s)	10.0%	8.1%	3.3%	13.5%	5.2%	-0.8%	5.9%	-10.2%	-2.1%	1.6%	3.7%	4.1%	9.9%	5.3%	-1.7%
SD TOT EMPLOYMENT	0.2%	-1.5%	1.3%	-1.5%	1.1%	2.2%	-0.5%	1.1%	2.1%	1.1%	2.5%	5.2%	0.9%	0.7%	1.0%
NONAG EMPLOYMENT	1.6%	1.6%	2.6%	2.2%	3.1%	2.5%	0.7%	0.7%	0.8%	1.0%	2.8%	4.9%	1.9%	2.6%	0.8%
U.S. DATA															
GNP (82 $'s)	0.6%	0.6%	1.8%	0.7%	0.4%	0.3%	0.4%	0.4%	0.5%	0.6%	3.7%	4.3%	3.9%	3.6%	1.7%
FARM (CUR $'s)	-36.4%	-12.4%	147.8%	-14.0%	-20.7%	0.0%	-22.1%	0.0%	0.0%	0.0%	-9.3%	0.0%	-16.9%	38.0%	-34.1%
FARM (82 $'s)	-37.1%	-13.1%	146.1%	-14.6%	-21.2%	-0.7%	-22.8%	-0.9%	-1.0%	-1.0%	-10.2%	-1.1%	-6.4%	-13.3%	-19.7%
PERSONAL INC (82 $'s)	0.5%	1.5%	2.6%	1.2%	0.7%	0.6%	0.7%	0.5%	0.5%	0.6%	2.6%	-0.7%	4.3%	4.2%	3.0%
TOTAL EMPLOYMENT	2.1%	2.0%	2.4%	2.8%	2.2%	1.9%	1.0%	0.3%	0.6%	0.5%	0.7%	1.0%	2.3%	1.4%	0.7%
NONAG EMPLOYMENT	4.1%	3.9%	2.9%	2.6%	1.9%	1.1%	1.4%	0.8%	0.6%	0.6%	1.2%	1.2%	3.4%	1.3%	0.9%
GNP DEFLATOR	1.2%	1.3%	0.4%	1.1%	1.0%	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	4.2%	4.1%	4.3%
PERS CON DEFL	1.0%	0.8%	0.7%	0.7%	0.7%	0.7%	0.8%	0.9%	1.0%	1.0%	1.1%	1.1%	3.8%	3.0%	3.9%

Forecast Date: 1989.3 to 1991.2

TAXABLE SALES
Counties and Selected Cities in South Dakota
January-August 1988 and 1989
(In $000's)

REGION I

	Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change
Brookings	81,060	92,302	13.9	Gary	854	922	8.0	Kingsbury	14,125	14,792	4.7
Brookings	74,513	85,123	14.2	Toronto	1,035	1,247	20.5	Arlington	3,726	4,123	10.7
Elkton	1,285	1,409	9.6	Grant	28,030	31,189	11.3	De Smet	6,538	6,771	2.8
Volga	2,680	2,595	-3.2	Big Stone C.	2,292	2,403	4.8	Lake Preston	2,160	2,096	-3.0
Clark	6,940	7,224	4.1	Milbank	24,248	26,611	9.7	Lake	33,969	35,466	4.4
Clark	5,327	5,589	4.9	Hamlin	9,160	9,671	5.6	Madison	31,629	33,084	4.6
Codington	121,863	130,305	6.9	Bryant	2,036	2,031	-0.2	Miner	6,614	6,989	5.7
Watertown	110,019	127,732	8.2	Castlewood	896	1,011	12.8	Howard	5,275	5,317	0.8
Deuel	11,107	12,003	7.3	Estelline	2,276	2,464	8.3	Moody	19,146	19,840	3.6
Clear Lake	8,476	8,940	5.3	Hayti	1,825	1,751	-4.1	Colman	11,886	12,201	2.7
				Lake Norden	668	669	0.1	Flandreau	6,511	6,743	3.6
								TOTAL	332,094	359,781	8.3

REGION II

	Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change
Clay	34,364	35,187	2.4	Minnehaha	741,164	798,139	7.7	Centerville	2,089	2,151	3.0
Vermillion	30,650	31,498	2.8	Baltic	1,848	1,923	4.1	Marion	6,128	6,316	3.1
Lincoln	28,335	30,304	6.9	Brandon	5,800	6,603	13.8	Parker	2,561	2,700	5.4
Canton	10,986	11,228	2.2	Colton	1,924	2,103	9.3	Union	21,540	23,551	9.3
Lennox	5,180	5,417	4.6	Dell Rapids	7,501	7,665	2.2	Alcester	5,208	5,342	2.6
McCook	11,806	11,858	0.4	Garretson	3,407	3,808	11.8	Beresford	7,245	7,372	1.8
Bridgewater	1,597	1,760	10.2	Hartford	2,107	2,240	6.3	Elk Point	4,327	4,570	5.6
Canistota	1,217	1,304	7.1	Sioux Falls	697,103	753,850	8.1				
Salem	6,982	6,995	0.2	Turner	15,845	16,303	2.9	TOTAL	853,054	915,342	7.3

REGION III

	Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change
Aurora	7,710	7,892	2.4	Lake Andes	3,702	3,628	-2.0	Emery	1,048	1,012	-3.4
Plankinton	5,136	5,274	2.7	Platte	10,342	11,033	6.7	Hutchinson	22,294	22,892	2.7
Bon Homme	15,830	16,224	2.5	Wagner	7,713	8,568	11.1	Freeman	8,847	8,852	0.1
Avon	2,921	3,187	9.1	Davison	95,255	99,102	4.0	Menno	3,177	3,239	2.0
Scotland	2,842	2,898	2.0	Mitchell	93,343	97,080	4.0	Parkston	7,246	7,661	5.8
Springfield	2,364	2,574	8.9	Douglas	8,183	8,166	-0.2	Tripp	1,951	2,075	6.4
Tabor	3,303	3,221	-2.5	Armour	3,744	3,693	-1.4	Jerauld	5,432	5,484	1.0
Tyndall	4,191	4,240	1.2	Corsica	3,449	3,343	-3.1	Wess. Sprgs.	4,817	4,923	2.2
Brule	18,311	19,841	8.4	Gregory	14,113	15,115	7.1	Sanborn	3,919	3,784	-3.4
Chamberlain	14,839	16,137	8.7	Burke	3,383	3,860	14.1	Woonsocket	2,861	2,763	-3.4
Kimball	3,093	3,297	6.6	Gregory	7,293	7,795	6.9	Yankton	85,731	91,349	6.6
Charles Mix	23,213	24,806	6.9	Hanson	3,522	3,335	-5.3	Yankton	82,196	88,191	7.3
Geddes	664	659	-0.8	Alexandria	2,244	1,984	-11.6				
								TOTAL	303,513	317,989	4.8

REGION IV

	Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change
Beadle	75,623	77,199	2.1	Bowdle	2,114	2,139	1.2	Leola	1,495	1,622	8.5
Huron	71,777	74,588	3.9	Hosmer	871	893	2.5	Marshall	10,589	11,588	9.4
Brown	174,379	185,558	5.2	Ipswich	4,517	4,719	4.5	Britton	6,966	7,449	6.9
Aberdeen	164,398	172,413	4.9	Roscoe	1,449	1,522	5.0	Roberts	19,347	20,892	8.0
Groton	4,502	5,069	12.6	Faulk	5,812	5,952	2.4	Sisseton	11,594	13,063	12.7
Day	17,207	18,526	7.7	Faulkton	4,158	4,305	3.5	Wilmot	2,647	2,657	0.4
Bristol	802	814	1.5	Hand	12,835	13,146	2.4	Spink	18,367	19,958	8.7
Waubay	1,023	966	-5.6	Miller	11,664	11,965	2.6	Doland	770	810	5.2
Webster	13,958	15,202	8.9	McPherson	6,052	6,118	1.1	Redfield	15,236	16,853	10.6
Edmunds	9,247	9,569	3.5	Eureka	4,363	4,286	-1.8				
								TOTAL	351,458	368,506	4.9

REGION V

	Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change
Buffalo	97	68	-29.9	Blunt	1,849	1,733	-6.3	Stanley	10,435	10,028	-3.9
Campbell	4,196	4,399	4.8	Pierre	72,361	77,229	6.7	Ft. Pierre	10,346	9,939	-3.9
Harrold	2,236	2,253	0.8	Hyde	5,509	6,006	9.0	Sully	4,228	4,472	5.8
Pollock	1,664	1,824	9.6	Highmore	5,388	5,927	10.0	Onida	3,483	3,566	2.4
Corson	2,121	2,034	-4.1	Jones	8,483	8,544	0.7	Tripp	26,362	28,277	7.3
McIntosh	547	524	-4.2	Murdo	7,833	7,888	0.7	Winner	25,602	27,470	7.3
McLaughlin	834	720	-13.7	Lyman	8,923	9,379	5.1	Todd	6,609	7,265	9.9
Dewey	9,258	10,056	8.6	Gacoma	4,063	4,537	11.7	Mission	5,908	6,041	2.3
Eagle Butte	5,972	6,402	7.2	Presho	2,143	2,151	0.4	Walworth	25,683	26,791	4.3
Isabel	1,078	1,231	14.2	Reliette	2,073	2,278	9.9	Mobridge	20,282	20,983	3.5
Timber Lake	1,645	1,901	15.6	White River	1,785	1,981	11.0	Selby	4,542	4,835	6.5
Haakon	8,123	8,432	3.8	Perkins	12,126	12,918	6.5	Ziebach	1,311	1,281	-2.3
Philip	7,333	7,663	4.5	Lemmon	9,418	9,830	4.4	Dupree	1,261	1,256	-0.4
Hughes	75,174	80,135	6.6	Potter	9,801	10,225	4.3				
				Gettysburg	7,297	7,655	4.9	TOTAL	220,512	232,586	5.5
				Hoven	2,164	2,293	6.0				

REGION VI

	Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change		Jan.-Aug. 1988	Jan.-Aug. 1989	% Change
Bennett	8,317	7,401	-11.0	Harding	2,202	2,671	21.3	Meade	36,649	41,686	13.7
Martin	8,191	7,254	-11.4	Buffalo	1,848	2,256	22.1	Faith	3,669	3,811	3.9
Butte	25,757	26,943	4.6	Jackson	6,353	6,740	6.1	Sturgis	25,717	31,441	22.3
Belle Fche.	21,624	22,503	4.1	Kadoka	4,392	4,551	3.6	Pennington	489,404	524,371	7.1
Newell	3,763	3,948	4.9	Lawrence	86,478	93,496	8.1	Rapid City	446,441	476,786	6.8
Custer	21,828	24,007	10.0	Deadwood	18,155	20,299	11.8	Vall	19,906	21,892	10.0
Custer	20,312	22,288	9.7	Lead	24,248	25,774	6.3	Shannon	2,571	2,668	3.8
Fall River	20,662	19,908	-3.7	Spearfish	40,792	43,420	6.4	Pine Ridge	538	767	42.6
Edgemont	3,354	3,075	-8.3	Whitewood	2,681	2,980	11.2	Washabaugh	262	485	85.1
Hot Sprgs.	16,824	16,287	-3.2								
								TOTAL	700,483	750,368	7.1
								STATE TOTAL	2,761,114	2,944,574	6.6

SOUTH DAKOTA INCOME AND EMPLOYMENT

TOTAL PERSONAL INCOME
United States, Plains Region and States
Second Quarter 1988--Second Quarter 1989
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1988			1989		% Change
	2nd Qtr.	3rd Qtr	4th Qtr.	1st Qtr.	2nd Qtr.	2nd Qtr. 1988 2nd Qtr. 1989
United States	4,005,952	4,085,272	4,194,006	4,259,170	4,347,416	8.5
Plains States	273,566	271,387	279,085	290,028	292,918	7.1
Iowa	41,548	41,111	41,465	45,263	45,071	8.5
Kansas	39,434	38,965	40,625	40,642	41,503	5.2
Minnesota	71,385	71,754	73,434	76,392	77,378	8.4
Missouri	78,983	79,912	81,660	83,392	84,786	7.3
Nebraska	24,214	23,017	24,166	24,976	25,007	3.3
North Dakota	8,839	7,909	8,486	9,432	9,285	5.0
South Dakota	9,162	8,719	9,248	9,931	9,888	7.9

Note: Detail may not add to totals because of rounding. Source: U.S. Department of Commerce, Bureau of Economic Analysis.

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
September 1988 and September 1989
(In Thousands)

				Average Weekly Hours		Average Hourly Earnings	
	Sept. 1988	Sept. 1989	% Change	Sept. 1988	Sept. 1989	Sept. 1988	Sept. 1989
Total Employment	267.5	269.4	0.7				
Total Private	210.1	210.8	0.3	34.1	34.3	$7.34	$7.64
Mining	2.7	2.7	0.0	42.2	43.8	$12.04	$12.19
Construction	11.2	11.6	3.6	41.7	42.5	$9.78	$10.05
Manufacturing	31.2	29.9	-4.2	42.8	42.2	$8.04	$8.25
Durable Goods	17.3	15.9	-8.1				
Fabricated Metals & Mach.	10.5	8.9	-15.2				
Nondurable Goods	13.9	14.1	1.4				
Food & Kindred Products	7.7	7.9	2.6				
Paper, Printing & Publishing	3.0	2.9	-3.3				
Transportation & Pub. Utilities	14.1	14.1	0.0	38.6	37.5	$10.41	$11.09
Transportation	8.5	8.7	2.4				
Communication	3.3	3.1	-6.1				
Electric/Gas/Sanitary Services	2.3	2.3	0.0				
Wholesale & Retail Trade	70.2	71.1	1.3	31.4	32.3	$6.14	$6.24
Wholesale Trade	17.6	17.9	1.7				
Durable Goods	8.0	8.2	2.5				
Nondurable Goods	9.6	9.7	1.0				
Retail Trade	52.6	53.2	1.1				
General Merchandise, Apparel & Accessory Stores	9.1	9.1	0.0				
Food Stores	7.8	7.9	1.3				
Finance, Insurance & Real Estate	14.7	15.4	4.8	35.6	36.1	$7.23	$7.76
Finance	9.2	9.8	6.5				
Banking	4.6	4.6	0.0				
Credit Agencies, other than Banks	4.3	4.8	11.6				
Insurance Carriers, Agents & Brokers	3.5	3.7	5.7				
Services	66.0	66.1	0.2	30.4	30.4	$6.67	$7.20
Hotels, Amuse., Pers. & Business	19.4	18.9	-2.6				
Personal and Business	8.9	8.6	-3.4				
Medical & Health	24.8	25.6	3.2				
Educational	4.3	4.3	0.0				
Social	4.5	4.7	4.4				
Membership	9.1	8.7	-4.4				
Government	57.4	58.5	1.9				
Federal	10.9	10.9	0.0				
State	15.1	15.9	5.3				
State Education	6.3	7.0	11.1				
Local	31.4	31.7	1.0				
Local Education	17.7	18.1	2.3				

Source: South Dakota Department of Labor

For further information contact Nancy Nelson.

SOUTH DAKOTA AGRICULTURAL INDICATORS

PRICES RECEIVED BY FARMERS FOR COMMODITIES SOLD--SOUTH DAKOTA
September 1988 and 1989

		Base Period Price 1910-1914 Average	Sept. 1988	Sept. 1989	Sept. 1989 Price as % of Base	Sept. 1989 Price Above or Below Sept. 1988
Wheat	Bu.	0.850	3.62	3.57	420	-1.4
Corn	Bu.	0.510	2.50	2.04	400	-18.4
Oats	Bu.	0.350	2.37	1.35	386	-43.0
Barley	Bu.	0.590	2.78	2.60	441	-6.5
Flaxseed	Bu.	1.680	8.27	7.23	430	-12.6
Cattle	Cwt.	5.240	66.20	67.40	1286	1.8
Calves	Cwt.	6.080	102.00	101.00	1661	-1.0
Hogs	Cwt.	7.070	40.50	42.40	600	4.7
Sheep	Cwt.	4.240	28.30	27.40	646	-3.2
Lambs	Cwt.	5.660	70.70	68.50	1210	-3.1
Wool	Lb.	0.178	1.14	0.79	444	-30.7

Source: South Dakota Crop & Livestock Reporter.

CROP PRODUCTION SUMMARY
SOUTH DAKOTA
November 1989
(1,000's)

Crop	Unit	Production 1988	Production 1989	1989 as % of 1988
Corn, All	Bu.	--	--	
Corn, Grain	Bu.	132,000	208,800	158
Sorghum, All	Bu.	--	--	
Sorghum, Grain	Bu.	11,000	11,600	105
Sunflowers	Lb.	204,920	293,000	143
Potatoes, Fall	Cwt.	1,600	1,890	118
Soybeans	Bu.	41,520	52,360	126
Hay, All	Tons	3,910	4,320	110
Alfalfa	Tons	2,310	2,640	114
All Other	Tons	1,600	1,680	105

Source: South Dakota Crop & Livestock Reporter

SOUTH DAKOTA LOCAL CONDITIONS INDICATORS

SOUTH DAKOTA LOCAL CONDITIONS INDICATORS
(% Change Like Period Previous Yr.)

City	Total	Taxable Sales/1 Retail	Taxable Sales/1 Services	Telephone Services/2	Housing Starts/3	Postal Indicator/4	Employment*/2
Aberdeen	7.5	5.3	15.1	-0.5	-76.3	-1.0	-7.5
Belle Fourche	6.5	5.2	1.0	2.3	-81.3		5.2
Brookings	22.2	8.9	6.8		-13.9	28.3	7.0
Canton	-1.4	8.0	-9.9	0.9			7.4
Chamberlain	10.7	6.1	18.9	2.0	408.8		4.4
Deadwood	9.9	14.6	15.7	1.3			8.5
De Smet	5.8	9.8	-6.0	-0.5			6.4
Elk Point	6.8	8.5	35.3	3.1			4.5
Hot Springs	-1.1	-3.7	9.5		696.0		2.1
Huron	7.2	9.2	4.3	0.5	531.2	46.9	-6.7
Lead	6.4	15.2	19.3	14.0			8.5
Madison	0.8	4.2	11.6	1.6	75.1		-2.7
Milbank	11.6	12.0	8.9	0.1	-77.3		6.4
Mitchell	3.0	2.6	14.7	2.4	4.5	-12.7	6.5
Mobridge	4.6	1.9	14.9	-0.3			0.1
Pierre	5.7	10.1	7.7	3.9	-6.0	12.4	-1.2
Rapid City	12.8	8.4	5.8	-1.2	-30.8	-3.7	3.6
Sioux Falls	6.9	7.4	14.4	1.5	14.7	-4.2	0.1
Spearfish	6.7	4.7	4.7		-51.1		8.5
Sturgis	19.9	14.6	41.6	3.0			7.2
Vermillion	5.1	8.4	16.2	2.9	107.1		1.3
Watertown	10.5	9.4	6.0	3.5	27.9	-11.9	4.7
Winner	7.7	12.5	7.0	0.1			4.8
Yankton	9.7	8.9	23.5	3.3	103.7	-0.1	7.4

*Based on County Data

1/ Percentage change for July-Aug. 1988 and 1989.

2/ Percentage change for September 1988 and 1989. Telephone data are for the number of access lines in service.

3/ Percentage change for Jan.-Sept. 1988-1989. Data reported for housing represent the value of housing starts.

4/ Percentage change for the 3rd quarter of 1988 and 1989. Included in postal indicators are: postage sales, postage meters for customers, meter imprint postage (3rd class regular), and second class postage.

SOUTH DAKOTA
Business Review

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Trend of Business continued from page 7.

percent since last quarter. This is their highest point in three years. Compared to the third quarter in 1988, seasonally adjusted new car and truck sales have increased 21.9 percent and 32.0 percent, respectively.

Taxable sales continued strong, recording an 8.7 percent increase in the July-August bimonthly period compared to the same period in 1988. Areas of growth for this period were in general merchandise sales—up 12 percent, eating and drinking sales—up 6 percent, services—up 12 percent, construction—up 27 percent, and finance, insurance and real estate—up 68 percent.

CONSUMER PRICE INDEX
United States
Jan.-Sept. 1989
(1982-1984=100)

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Unadjusted % Change Jan.-Sept
All Items	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	3.2
Food & beverages	122.0	122.7	123.3	124.0	124.7	124.9	125.4	125.6	125.9	3.2
Food	122.2	122.9	123.5	124.2	124.9	125.0	125.5	125.8	126.1	3.2
Alcoholic beverages	120.3	121.1	121.8	122.3	123.1	123.5	124.0	124.5	124.8	3.7
Housing	120.7	121.1	121.5	121.6	122.1	122.9	123.9	126.2	124.3	3.0
Shelter	129.8	130.3	131.2	131.2	131.8	132.3	133.6	134.1	134.1	3.3
Renters' costs	135.2	136.3	138.6	137.9	137.8	138.7	141.5	141.5	139.4	3.1
Homeowners'cost	134.4	134.7	135.0	135.4	136.2	136.5	137.3	138.1	138.9	3.3
Fuel & other utilities	106.0	105.9	105.9	106.2	107.0	109.2	115.0	114.8	109.7	3.5
Fuels	98.7	98.6	98.5	98.8	99.6	103.2	103.7	109.7	103.5	4.9
Fuel oil, & other household fuel	80.5	81.4	81.5	82.5	81.5	80.2	79.7	78.9	79.3	-1.5
Gas (piped) & electricity	105.1	104.9	104.8	105.0	106.1	110.5	111.1	111.3	111.0	5.6
Other util. & pub. services	125.9	126.0	125.9	126.2	127.0	127.1	127.7	127.8	128.1	1.7
Household furn. & operation	110.9	110.9	110.5	110.7	110.8	111.1	111.4	111.4	111.7	0.7
Apparel & upkeep	115.3	115.3	119.3	120.9	120.4	117.8	115.0	115.0	120.0	4.1
Transportation	111.1	111.6	111.9	114.6	116.0	115.9	115.4	114.3	113.7	2.3
Private transportation	109.8	110.3	110.7	113.6	115.0	114.9	114.3	113.1	112.4	2.4
Public transportation	127.5	128.1	128.2	128.4	128.9	129.6	129.7	130.1	130.1	2.0
Medical care	143.8	145.2	146.1	146.8	147.5	148.5	149.7	150.7	151.7	5.5
Entertainment	123.8	124.3	124.7	125.4	125.5	126.2	126.9	127.3	127.8	3.2
Other goods and services	143.4	144.1	144.4	144.7	145.4	146.3	147.3	148.7	151.2	5.4

*Consumer Price Index for all Urban Consumers

Source: Bureau of Labor Statistics, U.S. Dept. of Labor

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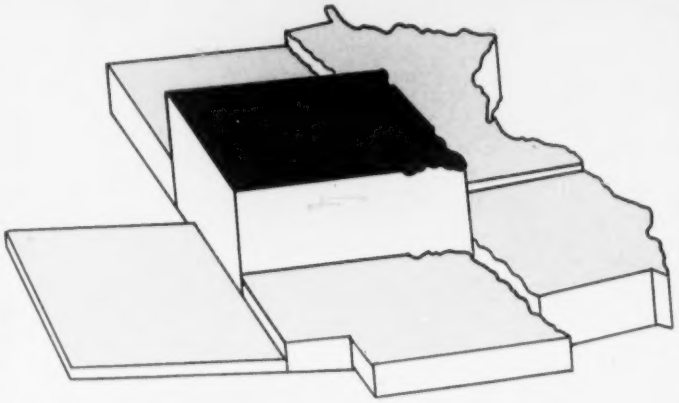

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General Indicators	Latest Quarter	SOUTH DAKOTA Latest Quarter	Year Ago	Percent Change	UNITED STATES Latest Quarter	Year Ago	Percent Change
Personal Income ($ Mil.)	1989-3	9,887	8,719	13.4	4,433,078	4,085,272	8.5
Farm Prop. Income ($ Mil.)	1989-3	790	243	225.1	34,788	30,723	13.2
Non-ag Employment (Thous.)	1989-4	270	267	1.1	109,366	106,799	2.4
Unemployment Rate (%)	1989-4	3.8	3.8	0.0	5.1	5.1	0.0
Total Employment (Thous.)	1989-4	348	343	1.5	118,020	116,181	1.6

Note: All U.S. data seasonally adjusted except for the unemployment rate and total employment.
For South Dakota only personal income and farm proprietors' income are seasonally adjusted.

SMALL BUSINESS: A STUDY OF TECHNOLOGY

Jacquelin R. Dunn, Ph.D.
David H. Moen, Ph.D.
John E. Powell, D.B.A.

Introduction

Small businesses are an important part of the American economy; Dun and Bradstreet reports that two-thirds of the jobs in the U.S. are found in firms with 100 or fewer employees, and eighty percent of new job creation is in small businesses. In South Dakota, small businesses are the core of the economy. Based on employee and total revenue figures, only eight businesses in the state are classified

Continued on page 4.

About the Authors: Jacquelin R. Dunn, Ph.D., is Director of the Graduate Program and Associate Professor of MIS at the School of Business, The University of South Dakota . **David H. Moen,** Ph.D., is Associate Professor of Statistics at the School of Business, The University of South Dakota. **John E. Powell,** D.B.A., is Professor of Business Quantitative Analysis at the School of Business, The University of South Dakota, Vermillion, South Dakota.

ECONOMIC DEVELOPMENT IN SOUTH DAKOTA (c)

H. Alan Raymond, Ph.D.

South Dakota has led or been in the leading group of states over the past ten years in a number of undesirable categories such as: largest percentage of college graduates leaving the state, lowest percentage of industrial research and development, lowest per capita incomes, lowest faculty salaries, highest infant mortality, lowest federal research and development, lowest starting salaries for college graduates, and lowest manufacturing wages. No doubt there are many statistics on the positive side, but such negative statistics indicate an economy which, if not seriously in trouble, has some fundamental and serious flaws. The most serious and fundamental may be sense of complacency.

Stating that the economy has flaws is another method of stating

Continued on page 6.

About the Author: H. Alan Raymond, Ph.D., is Associate Professor of Business Policy and Strategy at The University of South Dakota School of Business in Vermillion, South Dakota and author of *Management in the Third Wave*, published by Scott Foresman.

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SOUTH DAKOTA BUSINESS REVIEW

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Trend of Business

The United States Economy

The U.S. economy continues to remain weak. Contributing to the sluggish economy are retail sales which fell sharply in February due mainly to declining automobile sales. Car sales fell 6 percent in February following January's 9.9 percent gain that was fueled by restored sales incentives.

Real GNP rose 2.5 percent in the fourth quarter of 1989 compared to this period a year ago. For 1990, GNP is expected to grow at a 2 to 2.5 percent rate.

The Consumer Price Index (CPI) rose 4.8 percent during 1989. Forecasters anticipate about the same rate of increase for 1990.

U.S. seasonally adjusted total personal income rose 8.5 percent in the third quarter of 1989 compared to a year ago. Farm income for this period rose 11 percent, while nonfarm income increased 8 percent. Industries showing the most growth included the service sector and the wholesale trade sector--up 11 and 10 percent respectively.

Total employment rose 1.6 percent in the fourth quarter of 1989 compared to a year ago. The unemployment rate for this period was unchanged at 5.1 percent.

The South Dakota Economy

Significant changes occurred in the state's labor market during the past decade. The ***South Dakota Labor Bulletin*** reports a continued increase in the labor force participation rate for women from a rate of 39.1 percent in 1970 to 50.3 percent in 1980. Dual income households, an increasing number of female head of households and career oriented women propelled this rate to 68.9 percent in 1988.

Nonfarm employment in the State increased 3.3 percent in 1989 compared to a year ago. Seasonally adjusted nonfarm employment rose 1.2 percent in the fourth quarter of 1989 from the same quarter a year ago.

The unemployment rate on a seasonally adjusted basis rose slightly at the end of the year--from 3.2 percent in the third quarter to 3.4 percent in the fourth quarter of 1989.

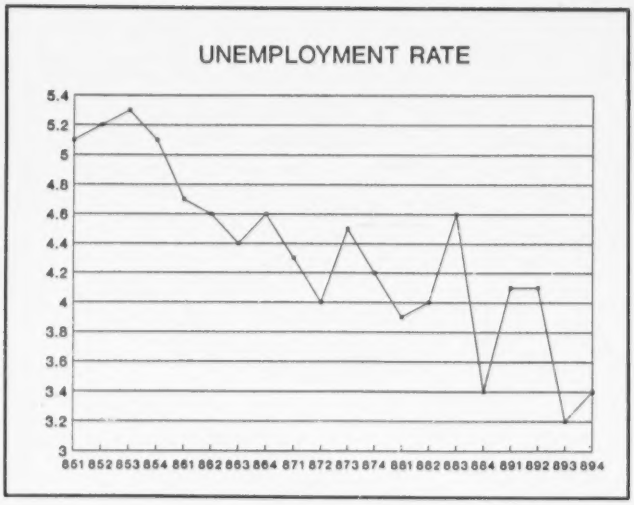
Construction employment was up in the fourth quarter of 1989 from a year ago displaying a 5.3 percent gain. The ***Labor Bulletin*** reports a gain of 600 construction jobs in 1989. The building of homes in the expanding cities of Sioux Falls and Rapid City, along with the Aberdeen mall project and the Spearfish convention center provided for some of the growth in this sector.

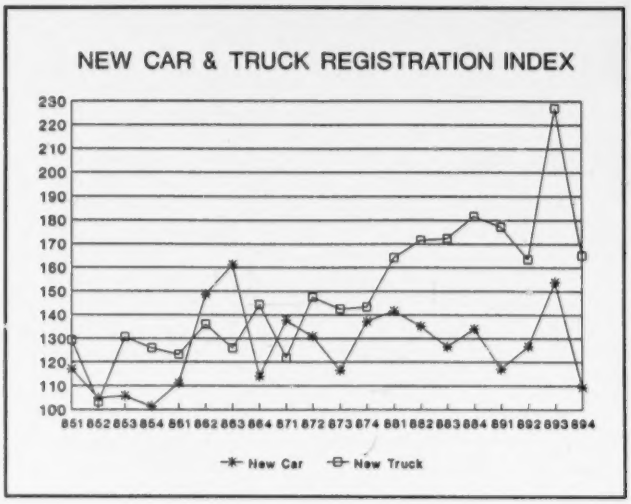
South Dakota's personal income fell 1 percent in the third quarter of 1989 from the previous period. Leading this decline was the nearly 20 percent decrease in South Dakota's farm income.

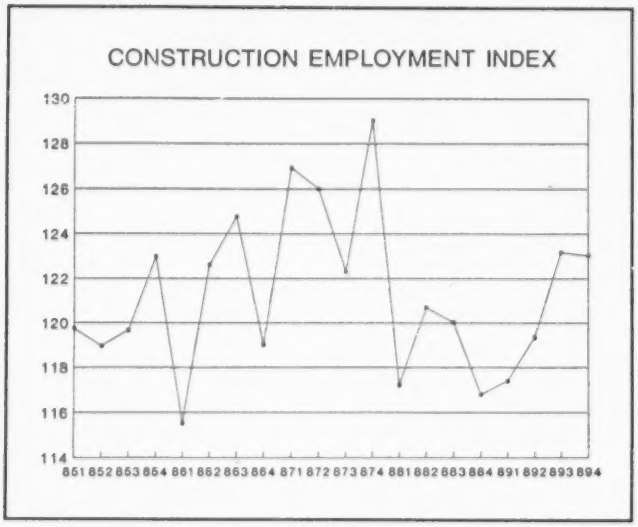
Sales of new cars and trucks tumbled in the final quarter of 1989 compared to the previous quarter. Seasonally adjusted figures show a decline of 29 percent in car sales and a 27 percent drop in

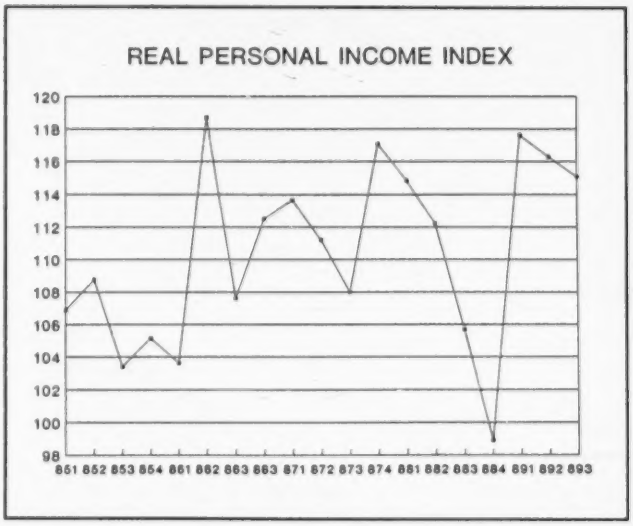
Continued on Page 11

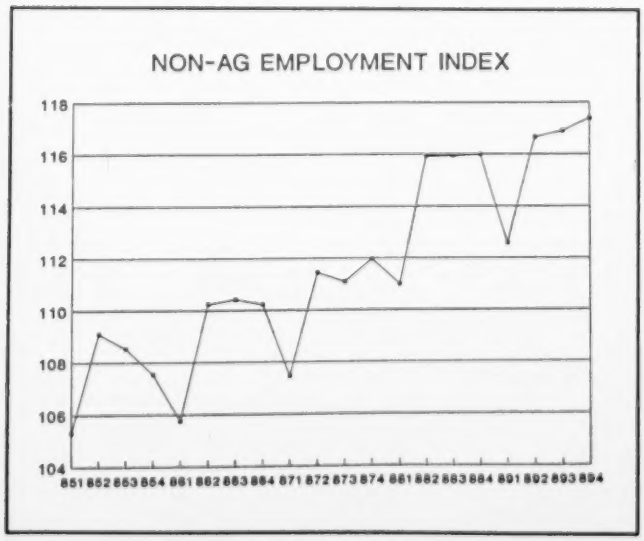
SOUTH DAKOTA BUSINESS & ECONMIC INDICES
Quarterly Data 1985-89
Adjusted for Seasonal Variation

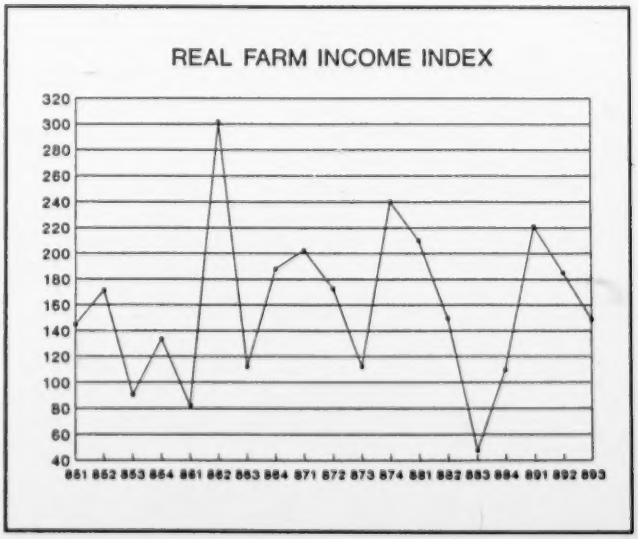












Continued from page 1.

as large. To promote the development, growth, and success of small enterprises, the federal government has developed a series of programs primarily administered through the Small Business Administration. The Small Business Development Centers (SBDCs) have had a central role in this process. In South Dakota, the SBDC is attached to the School of Business at the University of South Dakota in Vermillion (Greenfield, 1989). This has reinforced faculty interest and involvement in issues of importance to small businesses. This study of small business computer technology in the state has grown directly out of our perception of the importance of small business to South Dakota and the crucial role computing can play in the success of small businesses.

Over the past several years industry watchers nationally have reported increased computer sales to smaller firms (Tyson, 1985; Owens, 1987). As computer use has become more prevalent in small businesses, SBDCs have provided some training for office computerization and automation and referrals to outside computerization consultants (O'Leary, 1987). There have been very few studies, however, on how computers are actually used in small businesses. A joint study by Stanford University and the National Federation of Independent Businesses indicated that nearly one-half of small businesses use personal computers. By the end of 1985 they estimated that over $33 billion had been invested in such equipment. Almost two-thirds of surveyed professional and personal services indicated use of personal computers. The report was limited, however, to the brand of basic computer hardware and types of applications used (Bell, 1986). Analysis of Anchorage (Alaska) Chamber of Commerce members defined the computerized functions that they were using and planned to use in the future, but did not describe the type of equipment used (Wichmann, 1987). The majority of articles in the popular business and computing press as well as the academic journals emphasize "how to" computerize a business. These are often aimed at particular small business groups and are designed to encourage the entrepreneur to computerize his or her organization (Mahmood, 1982; Blanchard, 1984a and b).

In contrast to these approaches, the purpose of this study was to build a profile of selected small businesses in South Dakota and detail their use of information technology. Information technology includes the traditional use of computing for business functions and also embraces the areas of office automation and telecommunications. The study looked at specific hardware, software, and applications used, regardless of type, and also encompassed questions about office automation and communications equipment.

Methodology

A sample of small businesses in South Dakota was asked to respond to a written survey. The types of businesses surveyed were selected by Standard Industrial Classification Codes (SICs) which primarily represented business and professional services (see Table 1). The population of businesses fitting these SICs was compiled from the current yellow page listings for the state of South Dakota. The total population of such businesses was 6,607. A random sample of businesses was selected proportional to SIC code population. Physicians, lawyers, and accountants were sampled by professional group and not by individual member.

The questionnaire and cover letter were sent to this group, and results were tabulated and analyzed.

TABLE 1

SIC Codes	Industry
59	Retail Stores not elsewhere classified
61	Credit agencies other than banks
62	Securities, commodities brokers
64	Insurance Agents, Brokers and Services
65	Real Estate Services
72	Personal Services
73	Business Services
80	Health Professionals and Services
81	Legal Services
87	Accounting Services

Results

Ninety-six completed questionnaires were received; the following profiles are based on those respondents.

Demographics:

Demographic information shows that the businesses responding are small. Revenue size data is summarized in Table 2. The businesses responding were a cross section of the population with legal services (16.5%), personal services (13.2%) health professionals (12.1%), business services (12.1%), real estate services (12.1%), and insurance services (9.9%) predominating. Responses to a question about the age of the establishment indicate 7.9% had been in business for less than 4 years while 5.6% reported 75 or more years of business activity. The number of employees reported ranged from 0 to 140. Nearly 59% had two or fewer full-time employees; 73.6% had two or fewer part-time workers. Only 15.2% had more than ten full-time employees, and just 4.4% reported more than ten part-time employees.

TABLE 2
Business Size by Revenue

Annual Gross Revenue	Number	%
< $250,000	52	59.8
$250,001-500,000	18	20.7
$500,001-1,000,000	4	4.6
$1,000,001-2,000,000	6	6.9
$2,000,001-5,000,000	5	5.7
> $5,000,000	2	2.3

Sixty-eight percent of those surveyed use computers in their businesses. Of those using computers 81.5% began using them after 1980; in fact, 41.5% have begun their use in the past 4 years. Of the non-users 16% use computer service bureaus. Eighteen percent of all respondents use outside computer services for such things as accounting services (52.9%), tax preparation (47.1%) and payroll preparation (35%). Several use computer service bureaus for other functions such as billing. The services were predominately provided by a computer service bureau or an accountant; some businesses used both sources. Almost 30% of this group plan to computerize some of these functions on their own premises within the next year.

Hardware:

There appears to be no agreement on hardware among the respondents. One hundred fifty-seven machines representing 78 different brands or models of computers and 123 printers of 73

different brands or models were reported by users! Microcomputers predominated, with IBM the major vendor. Apple and Macintosh technology are also evident in this group. Table 3 summarizes some of the major points of hardware. Name brands such as Epson, Tandy, Vax, NCR, Unisys and Wang are all represented.

TABLE 3
Hardware

Brand/Models	Number	%
Apple	5	3.2
Macintosh	8	5.1
IBM		
Mini	5	3.2
PC	12	7.6
PS/2	4	2.5
IBM Compatible		
Epson	12	7.6
AT&T	10	6.4
Compaq	8	5.1
Other	42	26.8

Printers are the most common peripheral device reported. Epson is the most common brand (28) with Okidata (19), IBM (13), and Hewlett Packard (12) following. Apple and Macintosh systems use Imagewriters or Laserwriters.

Networking and Data Communications:

Ten computer users reported that they have local area networks on their premises. The network size ranges from two to six nodes and eight are used to share data bases or software while four are used to share peripheral devices such as laser printers. Three of the networked systems provide electronic mail. Data communication to or from remote sites was reported by 13 of those surveyed.

Telecommunications Equipment:

With the deregulation of the phone industry over the last decade, businesses have had more opportunity to and responsibility for designing, purchasing and maintaining internal phone systems. Our sample shows great variety in this area also. Respondents reported 34 different brands and models of phone equipment. AT&T predominates with 46% of the phones.

The most recent major trend in telecommunications has been the use of facsimile (fax) machines. The cost of this technology has dropped dramatically in the past year, and now machines are priced within the reach of many small businesses. Ten businesses in our sample reported owning fax equipment. One-third have Canon equipment and another third possess Ricoh machines. Sharp, Minolta and Olympia account for the others.

Other Office Automation Equipment:

The survey contained an open question to find other types of office automation equipment that these small businesses might be using. Copiers were a popular choice. Since there was no specific question in the survey for copier use, these may have been under-reported.

Software applications and uses:

The majority (66%) of small businesses in this group acquired prepackaged software from vendors rather than writing their programs themselves (14%) or hiring a computer consultant (14%).

Businesses were surveyed about using computers for word processing, database, electronic spreadsheets, electronic calendars, and accounting functions.

Word Processing:

Forty-seven businesses reported that they used word processing. This is the most commonly used computer application. These businesses use 33 different packages or versions of word processing software. The questionnaire asked for both word processing and multi-functional (integrated) software that performed word processing. Users have been word processing for an average of 3.2 years. Those systems that can be identified as dedicated word processing systems have been in use for an average of 5.9 years. Twenty percent of microcomputer-based systems are WordPerfect. Microsoft products (both single and multi-functional) represent 15.6% of the packages used.

Database or Filing:

Database applications were used by 21 respondents. Only the database function in Appleworks had more than one user. Several database applications appeared to be specifically developed for an industry or business. For example, one respondent used National Data Corporation's Pharmacy Package. Many of the reported packages are integrated, i.e., packages that combine several functions such as word processing, spreadsheet, database and communications. Businesses averaged 2.8 years of database use.

Electronic Spreadsheet:

Thirty businesses in the survey used electronic spreadsheets. Nineteen different packages were reported used for an average of 3.1 years. Multi-functional packages dominated this area with 66.7% of the market. Lotus 1-2-3, a stand-alone package, was the choice of 22.5% of all users; this represents 70% of single function spreadsheet users.

Electronic Calendars:

Six users reported the use of electronic calendars for an average of 0.8 years. Only one user reported a stand-alone calendar function; the others use the function within an integrated package. Clearly this is not yet a widely accepted function for small businesses in South Dakota.

Accounting Packages:

There are 34 users of accounting software in this sample. Twenty-nine different packages are used. This group has used the software for an average of 3.1 years. Only 10.8% of these applications are based on an integrated system.

Conclusions

Sixty-eight percent of the South Dakota businesses who responded to the survey have computers in house while eighteen percent make use of computer service bureaus. This is a higher percentage of computer use than reported in other studies of small businesses. This seems to support other authors' contentions that small business is a growth area for the computer industry. There are, however, some important aspects of small business computer use that need to be noted.

This profile of selected small businesses in South Dakota shows another version of the "land of infinite variety!" There appears to be wide agreement among users that the important computer functions for small businesses are word processing, accounting, and electronic spreadsheet use. Database is a less widely used application; electronic calendars are still quite rare. A

truly interesting finding is the complete lack of agreement on the means by which these functions are computerized. There is absolutely no consensus on hardware or software among small business people. Although IBM has the largest market share of hardware, the IBM compatible microcomputers outnumber IBM 5 to 1. In software, the only predictor of brand are those imposed by incompatible machine type. For example, the Apple and Macintosh users did not use software developed for IBM type systems.

The survey also showed extensive use of integrated packages. These packages have the advantage of requiring only one purchase for a range of processes. The functions generally include word processing, spreadsheet, database, telecommunications, and, often, electronic calendars. An additional advantage is that a uniform set of commands or keystrokes is used in all functions; learning the full range is not as difficult as mastering three or four different software packages. The disadvantage is often not apparent to beginning users. When functions are integrated, each is often not as powerful or flexible as when the functions are in stand-alone packages. It will be interesting to see if users move away from such integrated packages as their needs become more sophisticated. An alternative solution may be found with the new more powerful generations of microcomputers. Their increased memory, speed, and storage capabilities will permit each individual function in an integrated package to approximate the power of the stand-alone.

This paper is the first phase of a comprehensive study of small business computing in South Dakota. This profile indicates that most businesses are using computers and computing for task automation and productivity improvement activities. In future studies, we will investigate more fully how these activities contribute to the success of small businesses.

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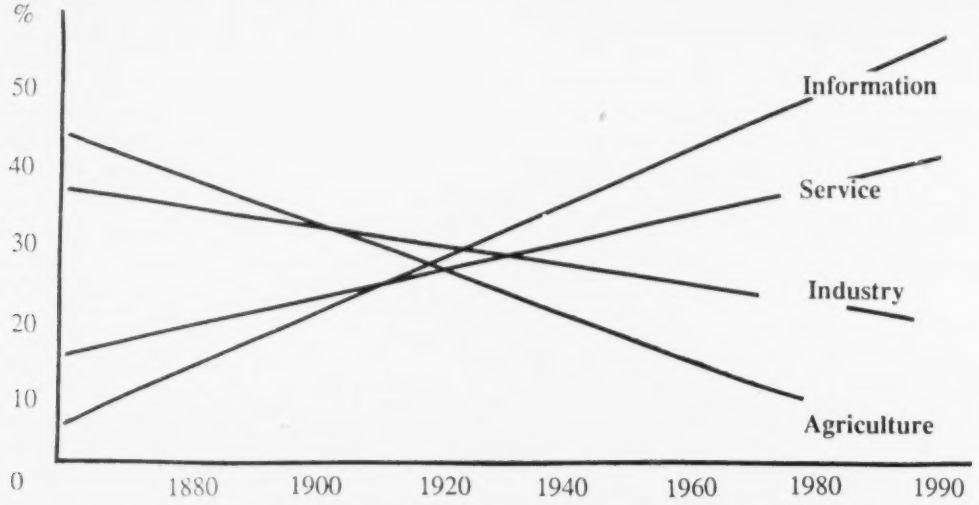
that the economy is less competitive than other economies in the same market. The American market has undergone three distinct demarcations since the inception of the country. The first was a market based upon agricultural products and land as its chief currency. For the most part, this market was small, isolated, and fragmented. Cash crops that existed were mostly produced on plantations by slave or indentured labor, and by a relatively few large farms. Manufactured goods were scarce; those available were imported and expensive. This in part resulted from the British mercantile system which was aimed at having the colonies produce agricultural products sold at low prices, while purchasing manufactured goods at high prices from the mother country. The mercantile system restricted manufacturing enterprise through such measures as the Stamp Act. This system, a primary cause of the revolution, was at odds with economic freedom – the fundamental reason many, if not most, of the colonists emigrated to the new land. Some might observe that this relationship still exists between rural and urban areas today.

The Pilgrims/Puritans, among others, came to this land seeking economic as well as religious freedom. In England, such groups constituted the Reformist movement, in part generated by the Lutheran movement on the continent. As part of this Reformist movement they were at odds with the state church, abrogated to the monarch, and the state, by Henry VIII. Therefore, they came under both religious and economic persecution, and were restricted from owning property (land), entering the army, clergy, or civil service, and most importantly entering into the traditional school system (which was run by the state church). These prohibitions essentially prevented them from taking part in the agricultural sector, based upon land. This was no small handicap when one estimates that this sector constituted over 90% of the GNP of its day. There was, however, one avenue left open and it coincided with the Renaissance sweeping Europe: business and manufacturing. Since the Reformists were prohibited from the traditional schools they set up their own. These schools concentrated upon business or trade (comparable to the vocational schools of today), teaching accounting, science, mathematics, and business development. This school system created a competitive advantage for the students in the business world, as the traditional schools were still teaching Greek, Latin, and philosophy. Consequently, the Reformists were very successful in business and manufacturing, which in turn subjected them to more persecution. Many Reformists left with their capital for the new land seeking, perhaps more than religious freedom, economic freedom and a free market. They came with their ideas and capital to create the foundations of a new economy and country based upon industrial technology and raw materials, the next major demarcation.

When the colonies proved successful, the Crown tried to rein them in and profit from them through a policy of mercantilism and a system of slave labor plantations based upon Crown land grants to individuals dedicated to the state religion and the state – individuals whose basic beliefs and values were at odds with the Reformist settlers and free labor. These plantations fell in neatly to the British scheme for the exportation of cheap agricultural products. Plantation owners later developed into the group known as the Tories, which sided with the Crown during the revolution. The Tories, who were generally educated in the state school system, now known as the "public school," integrated their ideas on education into the existing school system, which was based on the Reformist's system. Their ideas, generally known as the "academic" stream, combined with the "vocational" stream to form what we know now as our current school system. The Tories

and the Reformists eventually came to a final conflict known now as the Civil War, which established the supremacy of business and industrial technology, and at the same time closed the frontier, the source of free or cheap land. The needs of industrial technology and mass generic markets eventually led to the standardization of products. One of those products standardized was the educational system, which sought to produce standardized, interchangeable people emphasizing rote memory and obedience. Individual thinking, which had been the foundation of the country, was no longer a premium value. States that could create large factories and generic low-cost labor forces did well. The market progressed from primarily small and regional markets to large national markets based upon standardized, generic, mass-manufactured goods.

We have now entered a third demarcation, a new era. We have entered an era based upon information, electronics, niche/specialty global (but not mass) markets, and competitive advantage based upon knowledge and business skills. The primary reason the Reformists obtained a competitive advantage in England, and later the world, was because their educational system was targeted at the specific needs of the day. They took what might be called today strategic planning, or comprehensive systems approach. Many of the various parts of South Dakota's economic development system are out of synchronization with the needs of today, and tomorrow. States that do well today are geared to the new realities. While factories close and some regions decline, states that have concentrated on the new skill-intensive industries have done well. The following exhibit illustrates the general trend in U.S. sector employment from 1860 to 1990.



GENERAL TRENDS IN FOUR SECTOR AGGREGATION OF U.S. LABOR FORCE
Adapted from a *Study of the Information Society* by Marc Porat

While the free market system rests upon a minimum of government interference to flourish (as postulated by Jefferson), government (as suggested by Hamilton) has an obligation to provide the basic framework necessary to the growth and enrichment of the private sector. The key to providing such a framework starts with indicative strategic planning, as differentiated from directive corporate planning. Strategic indicative planning has often (and with some reason) been quoted as the primary reason for Japan's fast economic growth. Such planning essentially comes down to consensus planning – what do we want to do and how can we help each other get there. It evolves from a natural development of consensus and networks among the concerned stakeholders. In Japan, the principal government agency involved is the Ministry for International Trade and Industry (MITI). MITI acts as a conduit for ideas and discussion among major players in each industrial sector, evolving a general strategic plan for the development of each sector. The state government could play a similar role for industry in the state.

Successful strategic planning quite naturally evolves from a realistic understanding of the present and future environment. The clear present environment is that most GNP growth and jobs have been and will be taking place in the information and service sectors as tailored markets increase in value and size. As mass generic markets decline in value and size, GNP and jobs in basic manufacturing and agriculture will continue to decline. The answer to these trends by many parents in our state has been to have their children secure a place at a university, preferably out-of-state, so that they may find a well-paying job and career in one of the major cities outside of the state upon graduation. This emigration of "the best and brightest" cannot have anything but negative long-range consequences for any state. A targeted/strategic educational plan must be developed to create the opportunities that will retain this primary South Dakota resource.

While such an education strategy is key it must take place within the context of an industrial strategy, otherwise all that will be taking place is a subsidy of a number of other states' growth rates. Education strategy must be geared to take place within the defined needs of the present and future state, as indicated by its strategic plan. While this planning should be indicative, its scope should be sufficiently flexible to take advantage of new problems and new opportunities, and it should not be undertaken by the state government alone. There are many opportunities to develop such cooperative strategy, such as the computer software market. IBM estimates computer software will account for as much as 80% of computer industry revenue by the turn of the century.[1] An additional advantage is that the industry has low costs of entry once the basic skills are established.

It is an apparent and cost effective opportunity to develop software skill competence in all school children at an early age. Apparent because the opportunities and profit potential in software development are rapidly expanding and, cost effective because, to some degree, the federal government and computer companies will support it. For example, Intel can and has recently designed a super computer on a chip; there is almost no software that uses its capacity. However, knowing how to write a program is not adequate to creating a software company, nor is knowing how to set up and run a company, or obtaining necessary financing sufficient. Each of these three variables must come together in the

right sequence. There are many other economic development opportunities, but they will not come into existence without close industry and government cooperation.

To initiate this cooperation and strategic planning process I would like to propose that an ongoing forum be established with the first step being the organization of two annual conferences sponsored by the state and industry: one each fall on economic development, and one each spring on finance. Held at the Graduate School of Business, University of South Dakota, each conference would seek to invite participants from around the country and the world. Out of each conference could come a number of working groups which would work on important issues to be reported at the next conference. At each conference could be an exhibit hall to promote South Dakota and its businesses. These conferences would provide participants the opportunity to learn more about South Dakota's economic development programs. Small business assistance centers located at the University of South Dakota School of Business include: Small Business Development Center (SBDC) whch assists South Dakota companies with a variety of opportunities involving many aspects of business; Procurement Technical Assistance Center (PTAC) which helps South Dakota companies sell their products and services to the Federal Government and keeps them informed of the many federal contracts available for bidding; and the Native American Economic Development Program which provides assistance both in the initial stages of starting a business as well as on a long-term basis. An additional mechanism to assist locally would be the establishment of an entrepreneurship center which would give adult education courses throughout the state as well as function as an advice/information center; coupled with this should also be the establishment of a graduate program in entrepreneurship at USD. The program and center should be primarily aimed at high technology and advanced manufacturing.

At the financial conference, in which major financial stakeholders would play a role, it would be of great importance to have participants in the growing venture capital business to review and invest in South Dakota businesses. Venture capital has experienced a phenomenal growth in the last decade, and total venture capital funds in the United States are now estimated to exceed forty billion dollars.[2] However, most such funds are targeted at what is termed "later-stage funding." Seed funding/capital is the entry fee or the pipeline to these large pools of capital. This is one source of funding that deserves to be examined in depth in a state such as ours where such mechanisms are only in the beginning stages of development. Venture capital and related seed funding are increasingly available from larger corporations.

At both the financial and economic conferences, methods of bringing good business education to the schools at the earliest ages should be discussed. It is only by becoming business literate that each individual can contribute fully to the economic development of the state and obtain what should be considered a right – the ability to understand and participate in a free market economy. The greatest need for economic development and business literacy is apparent on the Indian reservations, which account for a significant portion of the state's land mass and a population which requires a special understanding, interest and strategic approach. Funds for such development are available from various foundations, the federal government and the state. Many officials in both state and federal agencies have often stated that there is a pressing need to address this issue. Funds can and will be available if a viable plan is developed. An annual strategy conference should also be developed for this necessary economic development. Since many of the problems faced on reservations throughout the country are similar, there many be an opportunity for South Dakota to host an annual national conference on these issues, as well as to initiate meaningful steps to improve the conditions.

Related to such strategic planning, the state should also develop an ongoing Science and Technology (S&T) perspective and strategy as to how the state might take advantage of new developments in science and technology such as the three billion dollar human genome project, mostly funded by the Federal government, or the planned S&T centers, which will be financed by the federal government at $5,000,000 each.[3] There are now several centers or potential centers of research and development spread through out the state and mechanisms should be developed to encourage their interaction and synergy, such as a computer network, so that new research and development opportunities may be undertaken by the state in competition with almost any research establishment throughout the country. Such developments and the current perspective could also be presented by the state at the economic development conference. An annual report on research and development in South Dakota should also be issued as a means to inform those within the state, to attract investors from outside the state, and to serve as a guide to further development. The viability of an interlinking, interactive and synergistic research and development base will maximize the state's capability to seize and lead the way to new industrial and employment opportunities.

These series of conferences, centers, working groups, and a revamped, targeted educational system will develop an interactive and dynamic strategic planning system for the state which will draw capital and people into the state, retain college graduates, point the state in the direction of new and expanding opportunities, and establish the necessary economic base for the next century.

[1] IBM Public Information Office.
[2] Pratt, Ventura Capital Journal.
[3] National Science Foundation.

COSTA RICA: A CENTENNIAL DEMOCRACY

Dr. Manuel Baldares

The following is an Inaugural Speech presented by Dr. Manuel Baldares, March 17, 1989, at the First International Studies Conference organized by the University of South Dakota, International Studies Committee, Vermillion, South Dakota.

Edited by Pattie L. Vargas and Allen H. Vargas

It is for me a high honor to be able to participate in this important International Conference organized by The University of South Dakota. If we take advantage of this experience, we may be able to improve international understanding and may scare away the ghosts of war.

There is much we can say about Costa Rica's geographical, social, political, educational, and economic characteristics and its relations with Central America and the rest of the world. Communication channels, such as those that exist between the University of South Dakota and the University of Costa Rica, make friendly exchanges possible.

Geographically, Costa Rica is south of Nicaragua, north of Panama. To the east is the Atlantic Ocean and to the west, the Pacific. It is possible to drive from one coast to the other in less

About the author: Dr. Manuel Baldares, a native of Costa Rica, is Director of the Economic Science Research Institute, Associate Dean of the College of Economic Sciences, and Professor of Econometrics at the University of Costa Rica.

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than five hours at a normal highway speed of fifty to sixty miles per hour. Our nineteen thousand square miles of territory make Costa Rica one-fourth the size of South Dakota. Costa Rica has nearly three million inhabitants; half living in cities and half in rural areas.

Costa Rica was discovered by Christopher Columbus in 1502, during his fourth and last discovery trip. COSTA RICA, ("RICH COAST" in English) was, ironically, one of the poorest possessions of the Spanish Colonial Empire. Being poor meant that Costa Rica did not have the wide social divisions which still characterize other Latin American countries. According to historians and sociologists, the relative economic and social equality of the Costa Rican people explains our exemplary democratic system.

During colonial times Costa Rica was under the Captain General of The Guatemalan Provinces, along with Nicaragua, El Salvador, Honduras and present day Guatemala. On September 15, 1821 these peoples decided to declare their independence from Spain. One month later Costa Rica supported the decision. Costa Rica organized politically in 1821. Even though it nominally remained a part of the Central American Confederacy, Costa Rica stayed away from the internal conflicts that took place in the other Central American States. In 1848 Costa Rica seceded from the Union and elected its first President. Since then, the country has tried to use democracy and education as its two main instruments for development.

At present Costa Rica is one of the most advanced nations in Latin America. The rate of illiteracy is only seven percent; infant mortality is eighteen per thousand; life expectancy is seventy-three years; ninety-five percent of the population is covered by social security; the rate of unemployment is five and a half percent; and only ten percent of the voters abstain from voting in presidential elections. Costa Ricans are also environmentally concerned as evidenced by the fact that twenty-seven percent of our territory has been set aside for protected biological reserves – the highest percentage in the world.

In 1889, exactly one hundred years ago, the citizens of Costa Rica organized for the first time to make sure that the victory of the then elected presidential candidate was respected. Prior to this important event, elections were manipulated; but starting in that year every single president has been popularly elected. This year of 1989 Costa Rica celebrates one century of democracy, the oldest in Latin America.

Costa Ricans work hard to preserve that tradition. It is said that the Electoral College is the Fourth Power of the Republic, the others being the Executive, the Legislative, and the Judiciary. In days before elections, all Costa Rican police forces are brought under the authority of the Electoral College. A Constitutional mandate prevents the President of the Republic from participating in any partisan activities; thus the political influence of the people in power is minimized.

Costa Ricans attribute their democratic stability to the lack of a standing army. A small police force and a small group of rural guards keep order, but these people do not enjoy any special privileges, and their compensation is relatively low. We Costa Ricans frequently say that "we have more teachers than soldiers."

The basis of our development has been education. Elementary school has been "free, compulsory and sponsored by the State" since 1869. Twenty-three percent of the Central Government's budget is directed towards education, while only three and a half percent is spent for Public Security.

This dedication to education has resulted in the establishment of four State sponsored universities with a total of sixty-four thousand students. A scholarship program establishes a percentage of the tuition that each student will pay depending on family income.

At the beginning of the past century, after the colonial period when the economy was basically domestic-oriented, Costa Ricans started planting substantial amounts of coffee trees. Exports of coffee to England helped decrease poverty and isolation and increased government resources. Education improved, infrastructure developed and the first considerable fortunes began to appear. The growth of coffee plantations caused important changes, not only in the economy but also in the social structure of the country, For many decades coffee was Costa Rica's "Golden Grain." However, reliance on one export crop brought economic ups and downs because of the wild fluctuations of international coffee prices.

Starting in 1880, North American-owned banana plantations began to flourish on the Atlantic Coast of Costa Rica. The banana companies controlled production, transportation, and the export marketing of that product. At the beginning of this century, sugar and beef cattle were added to the list of exports. Thus, coffee, bananas, sugar, and cattle, in that order, became Costa Rica's major exports. But these so-called "desserts" are not essentials since their consumption could be eliminated or substituted in times of crisis. So starting a few years ago, the country began stimulating (through the use of incentives) the export of "non-traditional products," preferably to non-traditional markets. The incentives have succeeded in raising the level of non-traditional exports to about one-half of the total; close to seventy percent are of industrial origin.

The Gross Domestic Product (GDP) grew three percent in 1988, but the growth of that per capita product was only four-tenths of one percent that year. Even so these rates were much higher than those for Latin America in general. At present, the GDP per person is around two thousands dollars. Industry and Commerce were the most productive, each with twenty percent; agriculture follows with eighteen percent, and government services with fourteen percent. Since 1983, inflation has been held at an average of fourteen percent per year.

In the area of international trade, exports increased at a satisfactory pace. Imports grew too, especially in raw materials. In 1987 we had a deficit of one hundred and thirty million dollars in the balance of trade. Almost forty percent of Costa Rica's exports go to the United States, close to twenty-five percent go to Europe and only ten percent to Central America. Close to thirty-six percent of Costa Rica's imports come from the United States, fourteen percent from Europe and nine percent from Central America.

Like most Third World countries, Costa Rica has a problem with foreign debt. At present, our foreign debt is four billion dollars, which is almost three times the total of our country's annual exports. Debt servicing requires twenty-two percent of all exports. Fortunately, some international aid in this area makes us optimistic of at least a partial solution. For example, international conservation institutions have bought up about seventy-five million dollars in titles of our debt and donated them to the country for reforestation and conservation activities.

As a result of the economic crisis that began ten years ago, every country of the region has had to adapt to the new world conditions. A regional Structural Adjustment Program flourished. It is based on substitution of imports. The Program encourages countries to produce and export goods for which they have a comparative advantage. Additionally, the Program recommends that protective tariff barriers be lifted to promote competition. Finally, it recommends that countries should strive to find new markets and new products for export. The gradual application of these measures is recommended to avoid violent change and the collapse of some activities. The re-focusing of industrialization is one of the policies that should be supported more, so that enterprises can target their activities toward businesses with a bright future. In all of this process, education is of great importance, and Costa Rica

has the advantage of already having a solid scientific and technological basis in the productive sector.

An interest in using the development of an alternative solution to production problems, employment and democratization of the economy has recently gained ground. Because the University of South Dakota has also given great importance to the study of small firms, my visit to this University is motivated in part by our interest in carrying out joint research programs in this important field.

Now I wish to speak a bit about the relations Costa Rica shares with the rest of Central America. Since the middle of the past century, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua have been independent republics. A Central American Common Market (CACM) has been operating since 1960, significantly increasing the commercial relations of the republics. In 1980, thirty-one percent of Costa Rica's exports went to the CACM, and sixteen percent of our imports originated there. Starting in 1980, political conflicts between the countries of the region had a negative impact on commercial relations. Now only ten percent of our exports and nine percent of our imports are attributed to the CACM.

Although the economic deterioration is important, war, with its consequent death and destruction, is even more deplorable. With Somoza's 1979 overthrow in Nicaragua, the new Sandinista government became the protagonist of a great number of conflicts in the region. In El Salvador and Guatemala guerrilla movements hope to overthrow their governments, and at the border between Honduras and Nicaragua a great part of the "contra" movement is located. To make the problem worse, in 1988 the political position of Panama was complicated when General Noriega and his army decided to attack civil rights.

Costa Rica tried to carry out a reconciliatory role, in search of peace in Central America. Our President, Dr. Oscar Arias, received the Nobel Peace Prize in 1987 for his participation in the signing of the Pact of Esquipulas. Thanks to this Peace Plan agreements to reduce the danger of war were reached. Furthermore, the Plan gives the different political groups of each country the opportunity to participate in the democratic process. It is hoped that the Esquipulas Pact will bring tranquility to the region.

Because Costa Rica is politically stable, massive numbers of refugees, estimated to be over 300,000 (about ten percent of our population), have arrived in our country in the past ten years. That rapid influx of immigrants has severely strained Costa Rica's limited budget for health, education and other services adding to our already deteriorating economic situation.

Despite its geographic smallness, Costa Rica keeps diplomatic and commercial relations with many countries in the world, and it can be said that no country is our enemy. However, our main trading partner is the United States with whom we also have excellent cultural relations. Many North Americans come to study in my country. Also, many United States companies have made important investments in Costa Rica not only in agriculture, but also in agroindustry and in the manufacturing fields.

The countries of the European Economic Community are our second most important trading partners. It is interesting that we do not have any commercial contact with South America, a situation that should improve in the future.

To finish this presentation, I wish to explain the reason for my visit to this important International Conference at the University of South Dakota. In August of 1988 the VIII Conference of the Econometric Society was held in Costa Rica. Two professors from the University of South Dakota, Dr. Diego Salazar and Dr. Allen Vargas, came to present a paper on the Caribbean Basin Initiative. They told me that they liked Costa Rica a great deal. At the beginning of March of 1989, Dr. Vargas and Dr. Dale Clement, Dean of the School of Business, came to Costa Rica, and I prepared for them a series of interviews and visits with the President and other authorities of the University of Costa Rica. At that time we signed a Letter of Intent, through which we expressed our willingness to start cooperation activities in the areas of research, education and economic development. Some contacts with the School of Foreign Languages of both Universities were made, which opened the opportunity for the exchange of teachers and students. Dr. Clement and Dr. Vargas enjoyed that visit, and gave me a letter signed by Dr. Philip Fisher, inviting me to participate in the present meeting.

I hope that what I have said has helped you to know my country a bit better. You all are cordially invited to visit it. That way you will know why it is called "The Central American Switzerland." I am absolutely sure that the agreements signed between the University of South Dakota and the University of Costa Rica will make our countries know each other better.

– Thank you very much –

WARRANTY: AN EFFECTIVE DISCLAIMER?

James M. Peterson

Although sometimes overlooked by businessmen engaged in selling goods, every contract of sale contains one or more implied warranties. These warranties can, in most cases, be disclaimed, but absent an affirmative disclaimer, the warranties are there. These implied warranties are, of course, the implied warranty of merchantability, and, under some circumstances, the implied warranty of fitness for a particular purpose. Unlike express warranties which the contracting parties themselves create, the implied warranties arise "by operation of law." That is, these warranties are in the contract because the law says there are to be there. The law is but reflective of society's demand for such protection. They are, in laymen's term, "understood," and even if the contracting parties do not know of the very existence of such warranties, they are a part of the contract.

About the Author: James M. Peterson, J.D., is Professor of Business Law at the School of Business, The University of South Dakota, Vermillion, South Dakota.

Here, the concern is with the implied warranty of merchantability. This warranty is an implied warranty made only by merchants. The Uniform Commercial Code, now in effect in every state but Louisiana, defines a merchant as "a person who deals in goods of the kind or otherwise by his occupation holds himself out as having knowledge or skill peculiar to the produces or goods involved in the transaction..." Thus, those selling goods (tangible, personal property) are merchants. "Merchantable" goods can be defined, generally, as those which are free of latent defects and fit for the ordinary purposes for which such goods are used.

As noted previously, the merchant may, by conforming with prescribed requirements, affirmatively disclaim the implied warranty of merchantability, unless such disclaimer be unconscionable. The disclaimer may be oral or written. If in writing, the disclaimer must mention merchantability and be conspicuous, although the statute provides that the warranty may also be disclaimed by such commonly used terms as "with all

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faults," "as is," or other language calling the exclusion to the buyer's attention or making it plain that there is no implied warranty. The implied warranty can also be disclaimed by a course of dealing or course of performance between the parties or by trade usages. In addition, no implied warranty of merchantability exists if the buyer has examined the goods, or has refused to examine the goods, and such goods contain defects which an examination revealed or ought to have revealed.

One of the reasons for refusing to enforce a disclaimer is that the particular disclaimer is unconscionable. The court's invalidation of a disclaimer on the basis of unconscionability in a 1985 decision generated legislative concern. In 1986 the legislature enacted legislation abrogating the court's 1985 decision, Hanson v. Funk Seeds International, 373 N.W. 2nd 30 (SD 1985). The ultimate ramifications of the statute remain to be determined, but a merchant believing the statute has cleared the way for all-but-automatic disclaimers is probably deluding himself. There is more than one way to skin a cat—or to invalidate a disclaimer.

The "it's-there-unless-you-throw-it-out" aspect of the implied warranty of merchantability, coupled with the right (in most cases) to exclude the warranty, has led to a practice the effect of which may not be what the practitioners anticipated. Taking advantage of the right to disclaim the warranty, some businessmen have been routinely printing disclaimers on sales receipts. Modern cash registers enable the merchant to list details of the transaction; they also enable the user to have the machine print a disclaimer (or other message) on the register tape. When confronted with a warranty claim based upon the implied warranty, the merchant defends on the basis of the disclaimer printed on the register tape. It is so simple!—and likely too good to be true.

Will such a disclaimer really work? Will a merchant be safe in relying on such a disclaimer? Is the imprinted notation on the tape binding on the customer? In all probability, no. While each case must be decided on its merits, it is likely unwise to rely on a disclaimer made in this fashion. As the uniform commercial code does specifically provide for a disclaimer, it is certainly fair to ask why the disclaimer might nevertheless be held invalid by a court.

Different reasons may be given for an invalidation. To begin with, a contract is a negotiated matter, the result of the give- and-take between the parties. Even in contracts of adhesion ("take-it-or-leave-it" type transactions), the customer manifests an intent to buy the goods in question by agreeing to pay the price asked and to such other terms as were expressed. At that point the parties have a contract, a contract including the implied warranty of merchantability. The customer is given the goods, e.g., a set of spark plugs, and pays the seller. The latter rings up the sale on his register which spits forth the inevitable tape, or sales receipt.

Printed thereon is the disclaimer. The buyer may or may not see it. It is almost certainly not called to his attention. From a legal viewpoint it will be argued that the seller is adding a term to the sale after the contract was made. Contracts cannot be unilaterally changed, and there is real doubt as to whether the disclaimer (or attempted disclaimer) is a part of the contract at all. The buyer neither bargained for nor expected the disclaimer—and should not be bound by it.

Yet other legal pitfalls await the seller of goods who relies on disclaimers created in the fashion described. The statute required that the written disclaimer be conspicuous. Cash register tapes are often notoriously difficult to decipher. The printing itself may be bad. All too frequently the imprint, good or bad, is so faint as to be scarcely legible. The disclaimer phrase itself may or may not be distinguishable from the other material imprinted on the tape. Except for perhaps being in capital letters or being separated from the numerical information on the tape, the disclaimer may well not meet the legal requirement of being conspicuous.

A 1988 decision by the South Dakota Supreme Court involved the legality of an attempt to disclaim an implied warranty in the sale of seed (Schmattz v. Nissen, et al; Nible v. Farmers Feed and Seed, et al). That case was decided for the farmer/buyer. There, the basis of the court's decision was unconscionability.

The plaintiff (the farmer/buyer) contended that the attempt to disclaim the warranty was not only unconscionable but, in addition, was in fact never a part of the contract and that the attempted disclaimer was invalid because it was not conspicuous. The case focused on the unconscionability issue, and the whole court did not discuss the contention relating to whether the disclaimer was in fact part of the contract.

In a specially concurring opinion, however, one of the justices did address the "conspicuousness" issue. The justice said "Even if disclaimers and limitations are sufficiently conspicuous to comply with the statutory language of the Uniform Commercial Code, they may still be inconspicuous in fact [emphasis added], if, by the genius of product packaging, the color, size, emphasis, or distractions on the package substantially detract from the disclaimer or limitation."

Numerous supreme courts around the country have dealt with the issue of disclaiming implied warranties. The tenor of the decision is clear: disclaimers, while legal and enforceable, are not favorites of the law. They are often invalidated. Thus, any merchant relying on the disclaimer of implied warranties as a means of limiting his liability should be aware that his efforts may be of no avail. This is particularly true if the disclaimer relied upon is a disclaimer routinely used as a matter of course.

Attempted disclaimers which are subject to attack on the basis that they are not a part of the contract (in that the disclaimer was not bargained for and was a unilateral "add on" to the sale slip) would seem especially questionable. The very existence of implied warranties stems from a public belief that they should be part of the contract. It is unlikely that the courts will countenance an emasculation of the legislative and public will by so simple a device as the casual, routine disclaimer. When such attempted disclaimers are also subject to attack because they are not conspicuous, the fate of the attempt is reasonably certain.

The ultimate shaping of the periphery and parameters of the law relating to disclaimers in contracts for the sale of goods must perforce await the Supreme Court's resolving disputed issues as they arise. Meanwhile, sellers of goods should be cautious in placing too much reliance on routine disclaimers. Indeed, "caveat venditor" may be the appropriate watchword here.

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the sale of new trucks

Further comparisons of these indicators of economic activity are included in the following table.

South Dakota Business Indices
1988-1989
Seasonally Adjusted (1982=100)

	1988				1989	
	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr
Personal Income	105.7	98.9	117.6	116.3	115.1	---
Farm Proprietors' Income	47.7	109.4	220.9	185.0	148.8	---
Non-ag Employment	115.9	116.0	112.6	116.7	116.9	117.4
Const Employment	120.0	116.8	117.4	119.4	123.2	123.0
Unemployment Rate (%)	4.6	3.4	4.1	4.1	3.2	3.4
New Cars	126.4	134.1	117.1	126.5	153.8	109.2
New Trucks	172.2	181.6	177.2	163.5	227.0	165.0

SOUTH DAKOTA ECONOMETRIC MODEL

(Business Research Bureau, University of South Dakota)

VARIABLE	1988.4	1989.1	1989.2	1989.3	1989.4	1990.1	1990.2	1990.3	1990.4	1991.1	1991.2	1991.3	1988	1989	1990
	HISTORICAL				FORECAST										
SOUTH DAKOTA DATA-MIL OF $'s															
SD PERS. INC (CUR $'s)	$9,248	$9,927	$9,945	$9,887	$10,327	$10,418	$10,536	$10,660	$10,791	$10,682	$10,802	$10,930	$9,094	$10,022	$10,601
SD PERS. INC (82 $'s)	7,327	7,810	7,769	7,671	7,959	7,970	7,997	8,022	8,044	7,886	7,894	7,911	7,313	7,802	8,008
NONFARM (CUR $'s)	8,615	8,705	8,897	9,026	9,134	9,246	9,365	9,492	9,625	9,765	9,910	10,058	8,373	8,940	9,432
NONFARM (82 $'s)	6,826	6,848	6,950	7,003	7,039	7,074	7,109	7,142	7,176	7,209	7,242	7,275	6,731	6,960	7,125
FARM (CUR $'s)	633	1,222	1,048	861	1,194	1,171	1,171	1,168	1,165	917	892	880	722	1,081	1,169
FARM (82 $'s)	502	961	819	668	920	896	889	879	869	677	652	636	582	842	883
SD WAGE & SAL (CUR $'s)	4,428	4,451	4,575	4,645	4,682	4,721	4,767	4,818	4,874	4,934	4,996	5,061	4,294	4,588	4,795
SD WAGE & SAL (82 $'s)	3,508	3,502	3,574	3,604	3,608	3,612	3,618	3,625	3,633	3,642	3,651	3,661	3,452	3,572	3,622
SD GROSS SALES (CUR $'s	3,779	2,969	4,031	3,612	3,795	3,217	3,722	3,792	4,046	3,478	4,012	4,085	13,453	14,406	14,777
SD GROSS SALES (82 $'s)	2,994	2,336	3,149	2,802	2,925	2,461	2,825	2,854	3,016	2,567	2,932	2,955	10,804	11,211	11,156
SD TOT EMPLOYMENT (000's)	335.5	334.6	352.0	354.0	342.7	331.6	354.3	359.5	344.9	332.0	356.6	362.9	343.2	345.8	347.6
NONAG EMPLOYMENT (000's	261.6	259.0	268.8	269.1	267.2	259.7	269.7	270.8	269.4	262.3	272.5	273.7	259.7	266.0	267.4
UNEMPOYMENT RATE (%)	4.3	4.5	3.8	4.0	4.5	5.4	4.3	4.0	4.4	5.4	4.3	3.9	3.8	4.2	4.5
U.S. DATA-BIL OF $'s															
GNP (82 $'s)	$4,033	$4,107	$4,133	$4,163	$4,170	$4,184	$4,201	$4,222	$4,245	$4,269	$4,293	$4,318	$3,996	$4,143	$4,213
FARM (CUR $'s)	24	60	54	36	49	48	48	48	48	40	40	40	34	50	48
FARM (82 $'s)	19	47	42	28	38	37	36	36	36	29	29	29	28	39	36
PERSONAL INC (82 $'s)	3,312	3,397	3,437	3,457	3,485	3,577	3,549	3,518	3,485	3,675	3,638	3,601	3,264	3,444	3,532
TOTAL EMPLOYMENT (000's	115,800	116,900	117,300	117,700	118,000	118,100	118,200	118,400	118,600	118,900	119,400	119,900	114,961	117,475	118,325
NONAG EMPLOYMENT (000's	107,344	107,680	108,324	108,916	109,294	110,500	110,500	110,500	110,500	112,400	112,400	112,400	106,025	108,553	110,500
UNEMPOYMENT RATE (%)	5.3	5.2	5.3	5.2	5.4	5.6	5.7	5.8	5.9	5.8	5.7	5.6	5.4	5.3	5.8
90 DAY T-BILL RATE (%)	7.7	8.5	8.4	7.8	7.5	7.2	7.1	7.0	7.0	7.1	7.1	7.1	6.7	8.1	7.1
REAL INTEREST RATE (%)	4.5	5.7	5.6	5.1	4.8	4.3	3.9	3.5	3.3	3.2	3.0	3.0	2.8	5.3	3.7
INFLATION RATE (%)	3.2	2.8	2.8	2.7	2.7	2.9	3.2	3.5	3.7	3.9	4.1	4.1	3.8	2.8	3.3
GNP DEFLATOR (82 = 100)	124.0	124.5	125.9	126.9	128.1	129.5	130.7	132.0	133.3	134.6	135.9	137.3	121.6	126.4	131.4
PERS CON DEFL (82 = 100)	126.2	127.1	128.0	128.9	129.8	130.7	131.7	132.9	134.1	135.5	136.8	138.3	124.4	128.4	132.4
PERCENTAGE CHANGE (ANNUAL RATES)															
SOUTH DAKOTA DATA															
SD PERS. INC (CUR $'s)	6.1%	7.3%	0.2%	-0.6%	4.5%	0.9%	1.1%	1.2%	1.2%	-1.0%	1.1%	1.3%	3.3%	10.2%	5.8%
SD PERS. INC (82 $'s)	5.2%	6.6%	-0.5%	-1.3%	3.8%	0.1%	0.3%	0.3%	0.3%	-2.0%	0.1%	0.2%	-0.8%	6.7%	2.6%
NONFARM (CUR $'s)	2.5%	1.0%	2.2%	1.4%	1.2%	1.2%	1.3%	1.4%	1.4%	1.5%	1.5%	1.5%	6.6%	6.8%	5.5%
NONFARM (82 $'s)	1.6%	0.3%	1.5%	0.8%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	2.4%	3.4%	2.4%
FARM (CUR $'s)	102.9%	93.0%	-14.2%	-17.8%	38.6%	-1.9%	0.0%	-0.2%	-0.3%	-21.3%	-2.6%	-1.4%	-24.1%	49.9%	8.1%
FARM (82 $'s)	101.3%	91.7%	-14.8%	-18.4%	37.7%	-2.6%	-0.8%	-1.1%	-1.2%	-22.1%	-3.6%	-2.4%	-26.8%	44.6%	4.9%
SD WAGE & SAL (CUR $'s)	3.0%	0.5%	2.8%	1.5%	0.8%	0.8%	1.0%	1.1%	1.2%	1.2%	1.3%	1.3%	6.8%	6.8%	4.5%
SD WAGE & SAL (82 $'s)	2.2%	-0.2%	2.1%	0.8%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	2.6%	3.5%	1.4%
SD GROSS SALES (CUR $'s	12.3%	7.5%	17.3%	4.0%	0.4%	8.4%	-7.7%	5.0%	6.6%	8.1%	7.8%	7.7%	14.4%	7.1%	2.6%
SD GROSS SALES (82 $'s)	8.1%	3.3%	13.5%	1.0%	-2.3%	5.4%	-10.3%	1.8%	3.1%	4.3%	3.8%	3.5%	9.9%	3.8%	-0.5%
SD TOT EMPLOYMENT	-1.5%	1.3%	-1.5%	1.3%	2.1%	-0.9%	0.7%	1.5%	0.6%	0.1%	0.7%	1.0%	0.9%	0.8%	0.5%
NONAG EMPLOYMENT	1.6%	2.6%	2.2%	2.9%	2.1%	0.3%	0.3%	0.6%	0.8%	1.0%	1.0%	1.1%	1.9%	2.4%	0.5%
U.S. DATA															
GNP (82 $'s)	0.6%	1.8%	0.6%	0.7%	0.2%	0.3%	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%	3.9%	3.7%	1.7%
FARM (CUR $'s)	-12.4%	152.6%	-10.6%	-32.8%	36.1%	-2.2%	0.0%	0.0%	0.0%	-17.5%	0.0%	0.0%	-16.9%	44.4%	-3.5%
FARM (82 $'s)	-13.1%	150.8%	-11.3%	-33.3%	35.2%	-2.9%	-0.8%	-0.9%	-0.9%	-18.3%	-1.0%	-1.0%	-20.0%	39.6%	-6.4%
PERSONAL INC (82 $'s)	1.5%	2.6%	1.2%	0.6%	0.8%	2.6%	-0.8%	-0.9%	-0.9%	5.4%	-1.0%	-1.0%	3.2%	5.5%	2.6%
TOTAL EMPLOYMENT	2.0%	2.4%	2.3%	2.2%	1.9%	1.0%	0.8%	0.6%	0.5%	0.7%	1.0%	1.3%	2.2%	2.2%	0.7%
NONAG EMPLOYMENT	3.9%	2.9%	2.6%	2.3%	1.8%	2.6%	2.0%	1.5%	1.1%	1.7%	1.7%	1.7%	3.8%	2.4%	1.8%
GNP DEFLATOR	1.3%	0.4%	1.1%	0.8%	0.9%	1.1%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	3.5%	3.9%	4.0%
PERS CON DEFL	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.9%	0.9%	1.0%	1.0%	1.0%	4.1%	3.3%	3.1%

Forecast Date: 1989.4 to 1991.3

TAXABLE SALES
Counties and Selected Cities in South Dakota
January-December 1988 and 1989
(In $000's)

REGION I

	Jan.-Dec. 1988	Jan.-Dec. 1989	% Change
Brookings	132,575	144,589	9.1
Brookings	118,125	134,017	13.5
Elkton	2,120	2,343	10.5
Volga	4,098	4,018	-2.0
Clark	10,794	11,314	4.8
Clark	8,296	8,689	4.7
Codington	191,380	204,776	7.0
Watertown	185,026	201,091	8.7
Deuel	17,404	18,621	7.0
Clear Lake	13,088	13,793	5.4
Gary	1,314	1,406	7.0
Toronto	1,648	2,049	24.3
Grant	43,584	48,017	10.2
Big Stone C.	3,574	3,623	1.4
Milbank	37,512	40,788	8.7
Hamlin	13,828	14,585	5.5
Bryant	3,061	3,123	2.0
Castlewood	1,611	1,751	8.7
Estelline	3,497	3,813	9.0
Hayti	2,777	2,742	-1.3
Lake Norden	1,007	1,014	0.7
Kingsbury	21,896	23,313	6.5
Arlington	5,781	6,460	11.7
De Smet	10,143	10,501	3.5
Lake Preston	3,369	3,403	1.0
Lake	52,404	54,423	3.9
Madison	48,903	50,799	4.1
Miner	10,329	11,172	8.2
Howard	8,150	9,052	11.1
Moody	29,139	29,989	2.9
Colman	17,907	18,211	1.7
Flandreau	10,021	10,393	3.7
TOTAL	523,333	560,799	7.2

REGION II

	Jan.-Dec. 1988	Jan.-Dec. 1989	% Change
Clay	53,558	54,974	2.6
Vermillion	47,965	49,380	3.0
Lincoln	43,900	47,359	7.9
Canton	16,853	17,471	3.7
Lennox	8,244	8,462	2.6
McCook	18,718	18,526	-1.0
Bridgewater	2,601	2,782	7.0
Canistota	1,918	2,205	15.0
Salem	10,808	10,642	-1.5
Minnehaha	1,169,483	1,256,788	7.5
Baltic	2,788	3,018	8.2
Brandon	8,970	10,118	12.8
Colton	3,050	3,359	10.1
Dell Rapids	11,622	11,710	0.8
Garretson	5,319	6,133	15.3
Hartford	3,179	3,441	8.2
Sioux Falls	1,098,461	1,187,338	8.1
Turner	24,560	25,467	3.7
Centerville	3,219	3,417	6.2
Marion	9,421	9,740	3.4
Parker	3,961	4,241	7.1
Union	32,773	35,997	9.8
Alcester	7,924	8,221	3.7
Beresford	11,297	11,421	1.1
Elk Point	6,378	6,921	8.5
TOTAL	1,342,992	1,439,111	7.2

REGION III

	Jan.-Dec. 1988	Jan.-Dec. 1989	% Change
Aurora	11,985	12,483	4.2
Plankinton	7,880	8,264	4.9
Bon Homme	24,370	25,296	3.8
Avon	4,782	5,146	7.6
Scotland	4,453	4,531	1.8
Springfield	3,577	3,922	9.6
Tabor	4,901	5,049	3.0
Tyndall	6,389	6,475	1.3
Brule	28,385	30,354	6.9
Chamberlain	22,888	24,527	7.2
Kimball	4,850	5,158	6.4
Charles Mix	36,151	38,183	5.6
Geddes	1,016	1,010	-0.6
Lake Andes	5,487	5,342	-2.6
Platte	16,137	17,060	5.7
Wagner	12,273	13,369	8.9
Davison	151,083	155,368	2.8
Mitchell	147,868	152,235	3.0
Douglas	12,480	12,834	2.8
Armour	5,692	5,737	0.8
Corsica	5,251	5,343	1.8
Gregory	22,615	23,848	5.5
Burke	5,238	5,950	13.6
Gregory	11,850	12,388	4.5
Hanson	5,404	4,930	-8.8
Alexandria	3,243	2,954	-8.9
Emery	1,608	1,489	-7.4
Hutchinson	34,961	36,175	3.5
Freeman	13,796	14,027	1.7
Menno	5,125	5,367	4.7
Parkston	11,274	11,771	4.4
Tripp	3,073	3,244	5.6
Jerauld	8,375	8,563	2.2
Wess. Sprgs.	7,404	7,624	2.9
Sanborn	6,005	6,061	0.9
Woonsocket	4,302	4,374	1.7
Yankton	134,411	142,445	6.0
Yankton	128,680	137,320	6.7
TOTAL	476,225	496,542	4.3

REGION IV

	Jan.-Dec. 1988	Jan.-Dec. 1989	% Change
Beadle	117,111	119,251	1.8
Huron	110,819	115,127	3.9
Brown	274,954	287,485	4.6
Aberdeen	255,182	261,733	2.6
Groton	7,028	8,043	14.4
Day	26,744	28,764	7.6
Bristol	1,280	1,322	3.3
Waubay	1,499	1,454	-3.0
Webster	21,777	23,656	8.6
Edmunds	14,031	14,673	4.6
Bowdle	3,241	3,323	2.5
Hosmer	1,366	1,413	3.4
Ipswich	6,869	7,235	5.3
Roscoe	2,114	2,242	6.0
Faulk	8,819	9,302	5.5
Faulkton	6,317	6,699	6.0
Hand	19,958	20,531	2.9
Miller	18,183	18,696	2.8
McPherson	9,372	9,760	4.1
Eureka	6,674	6,588	-1.3
Leola	2,339	2,614	11.8
Marshall	16,818	18,421	9.5
Britton	10,524	12,083	14.8
Roberts	30,013	32,578	8.5
Sisseton	18,336	20,355	11.0
Wilmot	3,962	4,189	5.7
Spink	28,232	30,782	9.0
Doland	1,177	1,266	7.6
Redfield	23,385	25,926	10.9
TOTAL	546,052	571,547	4.7

REGION V

	Jan.-Dec. 1988	Jan.-Dec. 1989	% Change
Buffalo	142	100	-29.6
Campbell	6,325	7,042	11.3
Herreid	3,361	3,713	10.5
Pollock	2,509	2,837	13.1
Corson	3,243	3,117	-3.9
McIntosh	824	786	-4.6
McLaughlin	1,269	1,124	-11.4
Dewey	14,284	15,700	9.9
Eagle Butte	9,203	9,943	8.0
Isabel	1,635	1,809	10.6
Timber Lake	2,566	2,999	16.9
Haakon	12,434	12,727	2.4
Philipsburg	11,031	11,523	4.5
Hughes	117,189	124,993	6.7
Blunt Lake	2,713	2,562	-5.6
Pierre	113,021	121,318	7.3
Hyde	8,430	8,969	6.4
Highmore	8,263	8,841	7.0
Jones	12,417	12,624	1.7
Murdo	11,491	11,681	1.7
Lyman	13,684	14,382	5.1
Dacoma	6,254	6,864	9.8
Presho	3,348	3,383	1.0
Mellette	3,248	3,448	6.2
White River	2,809	2,996	6.7
Perkins	18,864	19,797	4.9
Bison	3,220	3,543	10.0
Lemmon	14,629	15,252	4.3
Potter	14,987	16,078	7.3
Gettysburg	11,132	11,949	7.3
Hoven	3,359	3,681	9.6
Stanley	15,550	15,177	-2.4
Ft. Pierre	15,391	15,043	-2.3
Sully	6,289	6,613	5.2
Onida	5,232	5,395	3.1
Tripp	41,218	43,425	5.4
Winner	39,926	42,120	5.5
Todd	10,051	11,032	9.8
Mission	8,925	9,147	2.5
Walworth	39,964	40,970	2.5
Mobridge	31,827	32,226	1.3
Selby	6,831	7,236	5.9
Zisbach	1,995	1,921	-3.7
Dupree	1,917	1,890	-1.4
TOTAL	340,314	358,115	5.2

REGION VI

	Jan.-Dec. 1988	Jan.-Dec. 1989	% Change
Bennett	12,177	11,372	-6.6
Martin	11,983	11,141	-7.0
Butte	39,470	41,835	6.0
Belle Fche.	33,046	34,855	5.5
Newell	5,712	6,139	7.5
Custer	29,729	32,387	8.9
Custer	27,458	30,077	9.5
Fall River	30,387	29,448	-3.1
Edgemont	5,154	4,636	-10.1
Hot Sprgs.	24,513	24,130	-1.6
Harding	3,453	4,464	29.3
Buffalo	2,910	3,789	30.2
Jackson	9,144	9,660	5.6
Kadoka	6,523	6,694	2.6
Lawrence	132,523	139,980	5.6
Deadwood	26,044	30,871	18.5
Lead	38,310	37,542	-2.0
Spearfish	62,749	65,316	4.1
Whitewood	4,059	4,711	16.1
Meade	56,236	63,115	12.2
Faith	5,716	5,880	2.9
Sturgis	40,244	47,392	17.8
Pennington	753,947	797,779	5.5
Keystone	12,895	15,342	19.0
Rapid City	695,964	733,786	5.4
Wall	27,469	30,445	10.8
Shannon	3,882	3,919	1.0
Pine Ridge	898	1,124	25.2
Washabaugh	405	649	60.2
TOTAL	1,073,353	1,134,608	5.7
STATE TOTAL	4,302,269	4,560,722	6.0

SOUTH DAKOTA INCOME AND EMPLOYMENT

TOTAL PERSONAL INCOME
United States, Plains Region and States
Third Quarter 1988-Third Quarter 1989
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1988		1989			% Change 3rd Qtr. 1988
	3rd Qtr.	4th Qtr	1st Qtr.	2nd Qtr.	3rd Qtr.	3rd Qtr. 1989
United States	4,085,272	4,194,006	4,260,250	4,352,603	4,433,078	8.5
Plains States	271,387	279,085	289,511	294,744	296,471	9.2
Iowa	41,111	41,465	45,251	45,590	45,273	10.1
Kansas	38,965	40,625	40,628	41,631	41,874	7.5
Minnesota	71,754	73,434	75,934	78,101	79,154	10.3
Missouri	79,912	81,660	83,374	85,147	86,317	8.0
Nebraska	23,017	24,166	24,969	25,036	24,722	7.4
North Dakota	7,909	8,486	9,428	9,295	9,245	16.9
South Dakota	8,719	9,248	9,927	9,945	9,887	13.4

Note: Detail may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
December 1988 and December 1989
(In Thousands)

				Average Weekly Hours		Average Hourly Earnings	
	Dec. 1988	Dec. 1989	% Change	Dec. 1988	Dec. 1989	Dec. 1988	Dec. 1989
Total Employment	265.6	268.7	1.2				
Total Private	205.0	206.8	0.9	34.4	33.4	$7.37	$7.63
Mining	2.6	2.6	0.0	40.5	39.9	$12.27	$12.77
Construction	8.3	8.7	4.8	37.7	36.0	$10.19	$10.74
Manufacturing	30.3	29.3	-3.3	43.0	41.1	$8.25	$8.11
Durable Goods	16.6	15.7	-5.4				
Fabricated Metals & Mach.	9.9	8.9	-10.1				
Nondurable Goods	13.7	13.7	0.0				
Food & Kindred Products	7.7	7.7	0.0				
Paper, Printing & Publishing	2.9	3.0	3.4				
Transportation & Pub. Utilities	14.2	13.9	-2.1	40.0	38.8	$10.31	$10.93
Transportation	8.8	8.6	-2.3				
Communication	3.1	3.1	0.0				
Electric/Gas/Sanitary Services	2.3	2.2	-4.3				
Wholesale & Retail Trade	69.7	71.0	1.9	32.1	31.9	$6.17	$6.39
Wholesale Trade	17.4	17.9	2.9				
Durable Goods	7.9	8.1	2.5				
Nondurable Goods	9.6	9.8	2.1				
Retail Trade	52.3	53.1	1.5				
General Merchandise, Apparel & Accessory Stores	10.2	10.2	0.0				
Food Stores	7.8	8.2	5.1				
Finance, Insurance & Real Estate	14.7	15.6	6.1	35.8	35.6	$7.27	$7.73
Finance	9.3	10.0	7.5				
Banking	4.5	4.7	4.4				
Credit Agencies, other than Banks	4.4	4.9	11.4				
Insurance Carriers, Agents & Brokers	3.5	3.7	5.7				
Services	65.2	65.7	0.8	31.3	29.9	$6.78	$7.21
Hotels, Amuse., Pers. & Business	17.6	17.2	-2.3				
Personal and Business	8.6	8.0	-7.0				
Medical & Health	25.2	25.8	2.4				
Educational	5.0	4.8	-4.0				
Social	4.6	4.9	6.5				
Membership	9.1	9.0	-1.1				
Government	60.6	61.9	2.1				
Federal	10.8	10.8	0.0				
State	16.5	17.0	3.0				
State Education	7.9	8.6	8.9				
Local	33.4	34.0	1.8				
Local Education	20.1	20.5	2.0				

For further information contact Nancy Nelson.

SOUTH DAKOTA AGRICULTURAL INDICATORS

CROP PRODUCTION SUMMARY
SOUTH DAKOTA
December 1989
(1,000's)

Crop	Unit	Production 1988	1989	1989 as % of 1988
Corn, Silage	Tons	2,546	3,450	136
Corn, Grain	Bu.	132,000	190,800	145
Sorghum, Silage	Tons	612	600	98
Sorghum, Grain	Bu.	11,000	11,600	105
Sunflowers, All	Lb.	204,920	275,800	135
Potatoes, Fall	Cwt.	1,400	1,980	126
Soybeans	Bu.	41,520	48,880	118
Hay, All	Tons	3,910	4,290	110
Alfalfa	Tons	2,310	2,400	104
All Other	Tons	1,600	1,890	118
Oats	Bu.	20,000	44,000	220
Barley	Bu.	9,100	19,250	238
Rye	Bu.	2,250	3,240	144
Flaxseed	Bu.	210	280	133
Wheat, All	Bu.	38,006	83,080	219
Winter	Bu.	21,590	35,100	163
Durum	Bu.	816	2,880	353
Other Spring	Bu.	15,600	45,100	289

Source: South Dakota Crop & Livestock Reporter

PRICES RECEIVED BY FARMERS FOR COMMODITIES SOLD--SOUTH DAKOTA
December 1988 and 1989

		Base Period Price 1910-1914 Average	Dec. 1988	Dec. 1989	Dec. 1989 Price as % of Base	Dec. 1989 Price Above or Below Dec. 1988
Wheat	Bu.	0.850	3.66	3.65	429	-0.3
Corn	Bu.	0.510	2.41	2.13	418	-11.6
Oats	Bu.	0.350	2.41	1.49	426	-38.2
Barley	Bu.	0.590	4.07	1.91	324	-7.7
Flaxseed	Bu.	1.680	1/	7.09	422	
Cattle	Cwt.	5.240	66.10	69.30	1323	4.8
Calves	Cwt.	6.080	95.30	93.40	1536	-2.0
Hogs	Cwt.	7.070	38.90	48.20	682	23.9
Sheep	Cwt.	4.240	31.00	26.30	620	-15.2
Lambs	Cwt.	5.660	72.20	57.90	1023	-19.8
Wool	Lb.	0.178	1.62	0.66	371	-59.3

1/ Not published. Insufficient sales.
Source: South Dakota Crop & Livestock Reporter.

SOUTH DAKOTA LOCAL CONDITIONS INDICATORS

(% Change Like Period Previous Yr.)

City	Total	Taxable Sales/1 Retail	Services	Telephone Services/2	Housing Starts/3	Postal Indicator/4	Employment*/2
Aberdeen	2.5	0.5	7.8	0.6	-46.7	-10.5	-4.3
Belle Fourche	5.4	5.1	2.5	2.2	-81.3		6.3
Brookings	13.5	5.0	4.8	NA	- 0.8	24.5	-1.4
Canton	3.6	-0.8	-4.5	0.4			2.1
Chamberlain	7.1	5.1	12.6	2.7	718.2		6.8
Deadwood	18.5	13.5	11.0	3.6			5.3
De Smet	3.5	4.1	-1.6	-0.1			6.6
Elk Point	8.5	6.8	15.2	3.0			2.1
Hot Springs	-1.5	-1.3	-1.9	NA	992.0		5.1
Huron	3.8	5.8	-4.9	1.0	551.9	7.9	-3.5
Lead	-2.0	15.1	17.3	14.1			5.3
Madison	4.0	5.4	-0.1	1.3	98.0		-6.6
Milbank	8.7	9.7	11.3	0.4	-77.3		5.6
Mitchell	2.9	2.8	7.6	2.7	-25.2	-10.4	3.9
Mobridge	1.2	0.7	2.6	0.7			1.6
Pierre	7.3	11.0	1.7	-8.6	-30.8	7.1	-4.4
Rapid City	5.4	5.8	6.3	2.4	44.2	-5.2	1.7
Sioux Falls	8.0	7.9	8.1	1.7	16.9	5.8	-0.1
Spearfish	4.0	4.9	6.5	NA	-31.3		5.3
Sturgis	17.7	10.4	9.3	3.6			-1.6
Vermillion	2.9	3.6	8.8	3.8	410.5		0.4
Watertown	8.6	8.7	2.6	3.0	44.3	-0.5	1.5
Winner	5.4	8.7	2.5	-0.5			6.3
Yankton	6.7	7.2	5.4	4.6	16.5	0.6	9.1

*Based on County Data

1/ Percentage change for January-December 1988 and 1989.

2/ Percentage change for December 1988 and 1989. Telephone data are for the number of access lines in service.

3/ Percentage change for Jan.-Dec. 1988-1989. Data reported for housing represent the value of housing starts.

4/ Percentage change for the 4th quarter of 1988 and 1989. Included in postal indicators are: postage sales, postage meters for customers, meter imprint postage (3rd class regular), and second class postage.

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CONSUMER PRICE INDEX
United States
Jan.-Dec. 1989
(1982-1984=100)

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Unadjusted % Change Jan.-Dec.
All Items	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1	4.1
Food & beverages	122.0	122.7	123.3	124.0	124.7	124.9	125.4	125.6	125.9	126.3	126.7	127.2	3.2
Food	122.2	122.9	123.5	124.2	124.9	125.0	125.5	125.8	126.1	126.5	126.9	127.4	3.2
Alcoholic beverages	120.3	121.1	121.8	122.3	123.1	123.5	124.0	124.5	124.8	125.2	125.5	125.6	3.7
Housing	120.7	121.1	121.5	121.6	122.1	122.9	123.9	124.2	124.3	124.4	124.5	124.9	3.0
Shelter	129.8	130.3	131.2	131.2	131.8	132.3	133.6	134.1	134.1	134.8	135.2	135.6	3.3
Renters' costs	135.2	136.3	138.6	137.9	137.8	138.7	141.5	141.5	139.4	140.0	140.1	140.1	3.1
Homeowners'cost	134.4	134.7	135.0	135.4	136.2	136.5	137.3	138.1	138.9	139.7	140.3	140.9	3.3
Fuel & other utilities	106.0	105.9	105.9	106.2	107.0	109.2	115.0	114.8	109.7	108.0	107.5	108.4	3.5
Fuels	98.7	98.6	98.5	98.8	99.6	103.2	103.7	109.7	103.5	101.0	99.9	101.2	4.9
Fuel oil, & other household fuel	80.5	81.4	81.5	82.5	81.5	80.2	79.7	78.9	79.3	82.0	83.9	88.7	-1.5
Gas (piped) & electricity	105.1	104.9	104.8	105.0	106.1	110.5	111.1	111.3	111.0	107.6	106.1	107.0	5.6
Other util. & pub. services	125.9	126.0	125.9	126.2	127.0	127.1	127.7	127.8	128.1	127.6	127.9	128.2	1.7
Household furn. & operation	110.9	110.9	110.5	110.7	110.8	111.1	111.4	111.4	111.7	111.9	111.9	111.7	0.7
Apparel & upkeep	115.3	115.3	119.3	120.9	120.4	117.8	115.0	115.0	120.0	122.7	122.1	119.2	4.1
Transportation	111.1	111.6	111.9	114.6	116.0	115.9	115.4	114.3	113.7	114.5	115.0	115.2	2.3
Private transportation	109.8	110.3	110.7	113.6	115.0	114.9	114.3	113.1	112.4	113.3	113.7	113.9	2.4
Public transportation	127.5	128.1	128.2	128.4	128.9	129.6	129.7	130.1	130.1	130.6	131.3	131.7	2.0
Medical care	143.8	145.2	146.1	146.8	147.5	148.5	149.7	150.7	151.7	152.7	153.9	154.4	5.5
Entertainment	123.8	124.3	124.7	125.4	125.5	126.2	126.9	127.3	127.8	128.4	128.6	129.1	3.2
Other goods and services	143.4	144.1	144.4	144.7	145.4	146.3	147.3	148.7	151.2	151.8	151.9	152.9	5.4

*Consumer Price Index for all Urban Consumers

Source: Bureau of Labor Statistics, U.S. Dept. of Labor

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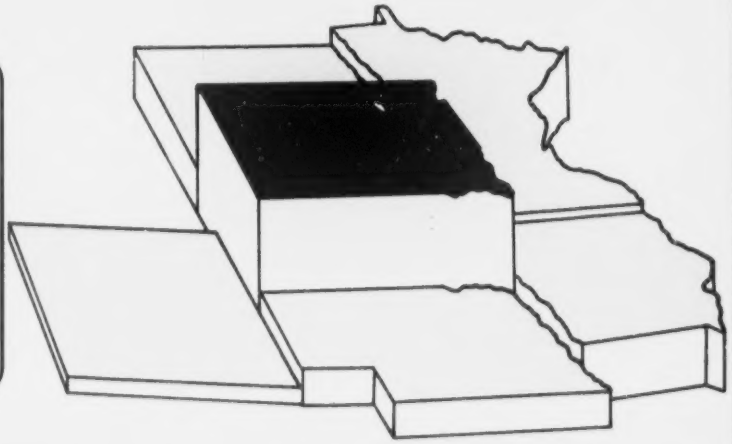

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General Indicators	Latest Quarter	SOUTH DAKOTA Latest Quarter	SOUTH DAKOTA Year Ago	SOUTH DAKOTA Percent Change	UNITED STATES Latest Quarter	UNITED STATES Year Ago	UNITED STATES Percent Change
Personal Income ($ Mil.)	1989-4	9,723	9,205	5.6	4,470,967	4,166,501	7.3
Farm Prop. Income ($ Mil.)	1989-4	550	571	-3.7	39,284	34,604	13.5
Non-ag Employment (Thous.)	1990-1	271	264	2.7	110,214	107,680	2.4
Unemployment Rate (%)	1990-1	4.1	4.7	-12.8	5.7	5.6	1.8
Total Employment (Thous.)	1990-1	337	336	0.3	116,479	115,218	1.1

Note: All U.S. data seasonally adjusted except for the unemployment rate and total employment.
For South Dakota only personal income and farm proprietors' income are seasonally adjusted.

ECONOMIC DEVELOPMENT IN SOUTH DAKOTA

By Darrell D. Butterwick

Once an image or perception of a state has been established, be it accurate or misleading, it takes an enormous amount of work and energy to change an image. South Dakota is in the midst of that difficult process now. One of the most challenging aspects of changing the state's image is changing the perceptions of South Dakotans themselves.

Since January of 1987, Governor Mickelson and the Office of Economic Development have labored to bring South Dakota into the 21st century in the minds of the nation and have presented modern opportunities for economic prosperity to the residents of South Dakota. These labors have been imperative since change can not occur until a need for change is acknowledged and accepted.

In South Dakota, that need has been recognized. The economic foundations of the past are not sufficient for the gainful employment

Continued on Page 4

About the Author: Mr. Darrell Butterwick is Commissioner of the Governor's Office of Economic Development, Pierre, South Dakota.

PERSONAL INCOME 1988-1989

By Nancy Nelson

INTRODUCTION

Personal income estimates are produced by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). This data is useful to consumers of statistical data, as it provides a broad measure of the economic health and performance of a state's economy. This article will provide information for the United States and states of the Plains Region through 1989 and for South Dakota counties through 1988.

Because of routine revisions made to income data released by BEA, the figures in the following tables may vary from previous articles published by the Business Research Bureau.

DEFINITIONS

Personal income primarily represents payments to individuals

Continued on Page 5

About the Author: Nancy Nelson is an Administrative Assistant at the Business Research Bureau, The University of South Dakota, Vermillion, SD.

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TREND OF BUSINESS

United States Economy

Inflation's upward movement and slow economic growth characterized activity in the first quarter. High interest rates designed to curb demand for goods and services will hopefully reduce the effects of inflation.

Retail sales volume has dropped below a year earlier. Debts acquired by consumers in the 1980's, along with a slowdown in job and income growth have weakened consumers' purchasing power.

The unadjusted unemployment rate for the first quarter of 1990 of 5.7 percent was up from the 5.1 percent rate of the previous quarter. There was some pick-up in the first two months of the year with employers hiring 300,000 more workers in both January and February. This increase was partly the result of increased hiring in the construction industry.

According to revised first quarter 1990 estimates, gross national product (GNP) rose 7.0 percent (annual rate). Real GNP (adjusted for price changes) rose 1.3 percent.

The South Dakota Economy

South Dakota's unemployment rate went from 3.4 percent to 3.7 percent in the first quarter of this year on a seasonally adjusted basis. Overall little change occurred in the nonagricultural employment sector for this period. However, construction employment was strong with a seasonally adjusted 4.6 percent increase in the first quarter of 1990.

Personal income rose 4.3 percent in the final quarter of 1989. Some growth areas in the nonfarm industries occurred in mining (4.1%), construction (3.8%), and the service sector with a 2.9% increase from the third quarter of 1989. Farm proprietors' income experienced a dramatic increase of 165.7 percent.

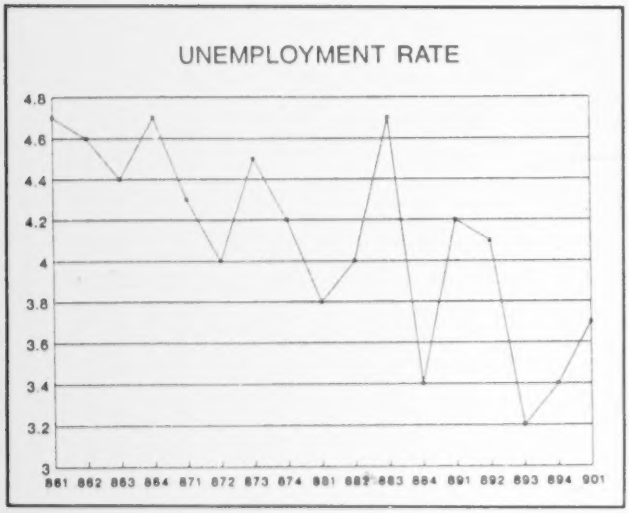
The sale of new cars and trucks in the first quarter of 1990 was strong. On a seasonally adjusted basis, new truck sales rose 20.6 percent, while car sales advanced 15.7 percent.

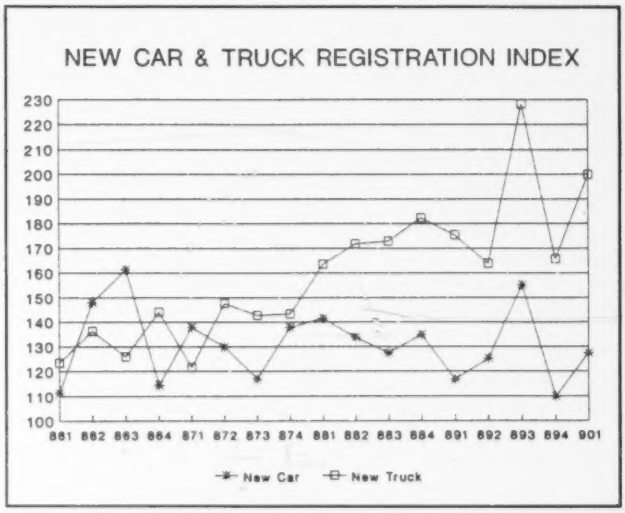
Further comparisons of these indicators are included in the graphs on the following page.

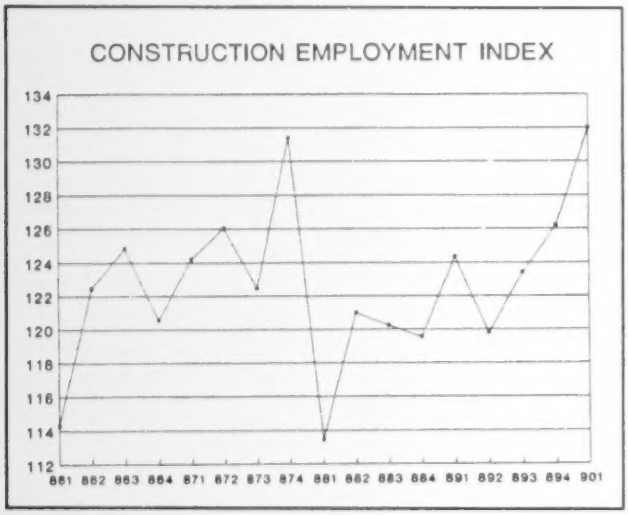
SOUTH DAKOTA BUSINESS AND ECONOMIC INDICES

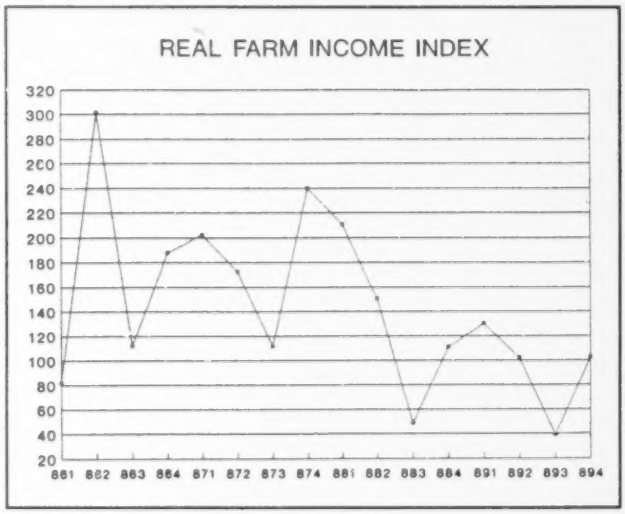
Quarterly Data 1986-1990

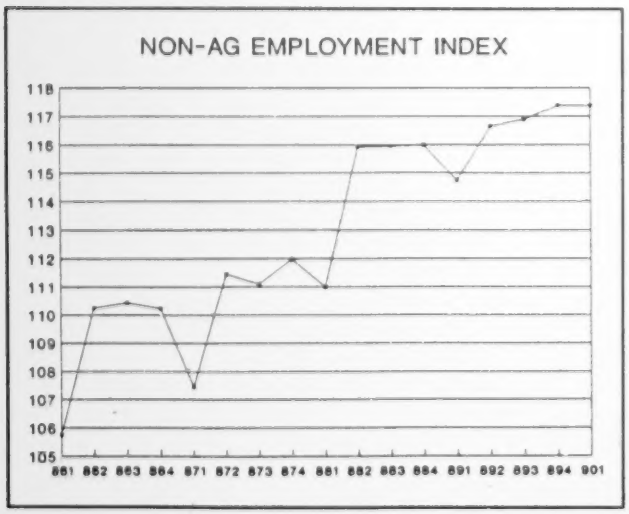
Adjusted for Seasonal Variation

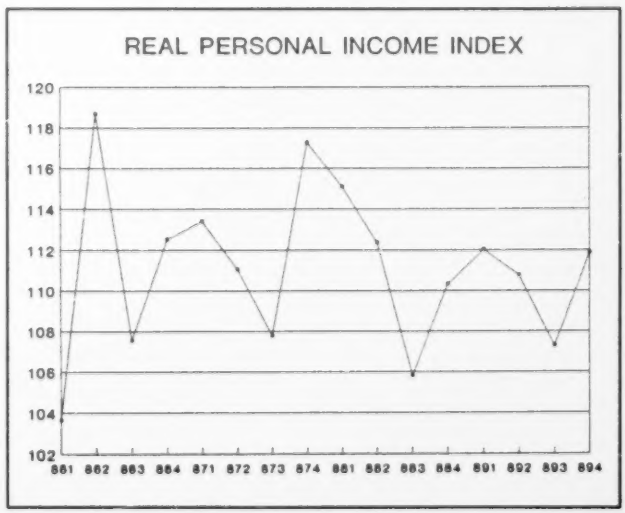












of South Dakotans today and tomorrow. The diversification of products and markets is necessary if South Dakota is to compete in today's global marketplace.

These ideas and goals have been the driving forces behind South Dakota's economic development efforts in the last three years. An incredible amount of time and talent have been utilized to create programs that build on South Dakota's strengths and weaknesses.

While the state development office is the most visible participant in these efforts, it does not work alone. The first annual Governor's Economic Development Conference in February of 1987 called for the formation of partnerships in local, regional, and state efforts to revitalize South Dakota. The response has been a phenomenal success. Today there are more than 150 local development groups working to assure their communities' survival and prosperity. Complacency is not to be found in the reality of South Dakota's economic development movement across the entire state.

Critics contend that we are unaware of the modern economic force affecting the state, and that we are incapable of responding in kind. That is not the case. However, it is understandable how all aspects of South Dakota's economic development agenda may not be known by all citizens. It is not understandable though how a person can attack three years of work without first bothering to educate himself on that work.

Governor Mickelson's Office of Economic Development has implemented a wide array of programs since 1987. Low-interest financing, grants for research and development, leads on export markets and self-help programs for all communities are examples of the variety of aids developed by this office.

The Revolving Economic Development and Initiative (REDI) Fund and the Future Fund were the first two programs implemented by Governor Mickelson and the 1987 South Dakota Legislature. These financing mechanisms were created to provide local, in-state incentives to business start-ups and expansions. The REDI Fund program has proven to be highly successful. More than $30 million has been approved in loans in less than three years. And more importantly, more than 75 percent of these loans have gone to in-state firms that have had to expand to meet the growing need for their products.

The Future Fund program met one of its primary goals by obtaining national research funds in less than two years. This program links businesses with university expertise and has dramatically provided the means for the state's universities to build their research departments and, in turn, to develop new technologies which can improve the quality of life for all South Dakotans. Water quality and supply and alternative crop research are just two examples of research being conducted which can lead to a more prosperous South Dakota.

While not all programs and activities of the GOED grab the headlines and attention like the REDI Fund and Future Fund programs, they are no less effective.

In the fall of 1988, the GOED and the South Dakota Department of Labor created the South Dakota Business Start Up Package. Although is is not a major program or initiative, it is a practical guide and reference to starting a business in South Dakota. More than 1,500 packages have been distributed, primarily upon request and predominantly to South Dakotans.

The Fastrack program, also a somewhat low profile activity, serves to encourage young residents of the state to become entrepreneurs and look at their state as a good place to do business. The "brain and youth drain" is a grave concern to us all. This state is finding unique ways to attack and arrest the problem. South Dakota is the creator of the Fastrack program and a leader in showing other states how to deal with retaining the youth while they are still students in high school.

There is another whole array of programs aimed at rural South Dakota. The Guide to Opportunities for Local Development (GOLD) program was developed as a guide for communities of all sizes to take stock of their assets and liabilities. The GOLD program offers a city or town the opportunity to realistically look at itself and assess its strengths and weaknesses. Once this process has been completed, the GOLD community is in the position to make decisions for development or tourism based on fact which will determine the future of the community. Nearly 100 communities have been certified or are in the process of certification to determine and plan their destinies.

The Mainstreet program compliments the GOLD program and offers assistance to those communities which have determined that the revitalization of downtown/commercial areas is a community priority.

The GOED is not and will not be satisfied with its arsenal of initiatives. That is why in the spring of 1990 another community based program was unveiled, the South Dakota Business Retention and Expansion program. R & E is designed to eliminate local barriers tobusiness expansion and to help develop local programs and policies which promote a stable and positive local economy.

In all the programs and efforts initiated by the GOED, a major concern is for the continued existence and expansion of South Dakota businesses and communities.

It would be very easy and actually gratifying to continue with explanations of all of the GOED's programs and initiatives. The Division of Export, Trade and Marketing is taking major strides in the international field from finding new markets for South Dakota products to encouraging additional manufacturers to sell their products overseas. From 1988 to 1989, South Dakota's exports increased by 65 percent. We can applaud the giant export step forward. These quantum leaps can continue as more businesses take advantage of the trade lead program which is administered by the GOED's Export, Trade and Marketing division.

In 1989, the GOED began a 30-month targeted marketing effort. By mid-1991, 15 industries uniquely compatible with our state's business community will have been told the South Dakota story.

Numerous programs and initiatives not administered by the GOED are underway in South Dakota which will impact our economic and social future.

The creation of job opportunities is possible only when an unswerving devotion to educational excellence exists. Governor Mickelson has made it very clear that education is a number one priority not only for curriculum, but also for increased teacher salaries.

We are living in the information era where communication skills and technology are a necessity for survival. South Dakota realized this evolution in the marketplace a decade ago and acted upon it. In 1984, South Dakota ranked first in the nation in student to computer ratio.

Today, this commitment to the application of technology in the classroom continues. Technology In Education (TIE) is devoted to making all South Dakota students participants and leaders in this era of information.

New alliances between education and business have been formed to provide students the needed skills in today's business community. The South Dakota Higher Education Council For Adult Vocational and Technical Education is concentrating on bridging the gaps between the curriculum offered to vocational students and the needs of South Dakota employers. We have forged an alliance of business and education which will strengthen the leadership in future training for employers in all businesses. Education Counts is linking the programs taught in grades K through 12 with the skills and knowledge required in the

business world.

South Dakota has bolstered this unique partnership by dedicating over half of the state's sales tax revenues to education. All South Dakotans have a vested interest in seeing that the education provided to our youth will prepare them to fill the jobs created by a growing economy.

Partnerships are being formed throughout our state between the public and private sectors for the primary goal of economic development and diversification. Schools and businesses, utility companies, bankers and local development groups, counties and cities, have all formed alliances to strengthen their economic positions and assure their survival into the 21st century.

The GOED is the lead agency in the state's economic development effort. The GOED can not and will not act alone in these efforts.

Every year for the last four years economic development officials, educators and concerned citizens have gathered at the Governor's Conference on Economic Development to share successful strategies and renew the commitment to working together.

Economic development in South Dakota is succeeding due to the state's vast, interwoven network of agencies and individuals in the private and public sectors. This brief review only scratches the surface in describing all the programs and activities that are occurring in South Dakota. While we can not allow ourselves the luxury of resting on accomplishments, we all must pause a moment and look with pride upon the tireless efforts of hundreds of South Dakotans who have dedicated their time to making South Dakota an economic force in the 21st century.

Personal Income *Continued from page 1.*

for productive services rendered. It is defined as:

> income received by, or on behalf of, all the residents of the area. It consists of the income received by persons from all sources—that is from participation in production, from both government and business transfer payments, and from government interest. Personal income is measured as the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, personal dividend income, personal interest income, and transfer payments, less personal contributions for social insurance[1]

Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Per Capita Personal Income "is computed by dividing the total personal income by population estimates provided by the Bureau of the Census."[2] Because various factors strongly impact local area per capita income estimates, these figures should be used with some caution. "An unusually high or low per capita personal income (PCPI) may be the result of unusual, but temporary conditions, such as a bumper crop or hurricane.[3] In other instances an extensive project, such as a major construction contract, could substantially raise the PCPI level of an area for several years. The income workers receive on a construction project is measured at the site, yet it is probable that a portion of their income is sent out of the locality to support dependents living in other areas.

PCPI figures can also be distorted by fluctuating time periods of measurement.

> Population is measured at midyear (except for college student population which is measured as of April 1), while income is measured as a flow over the year. Any significant change in population during the year, particularly around midyear, can distort the PCPI figures.[4]

Communities having a large institutional population such as a college or prison may have a lower PCPI due to the fact that residents of these institutions may have little income attributable to them while at these facilities.

Disposable Personal Income is personal income less personal tax and nontax payments. It represents the income available to persons for spending or saving.

Wage and Salary Disbursements include monetary compensation for employees and corporate officers, tips, commissions, bonuses and any payments-in-kind which constitute income to the recipient.

Other Labor Income represents employer contributions to privately administered pension and welfare funds and other small items such as directors' fees and compensation of prison inmates.

Transfer Payments are payments to persons who do not render current services. They include payments by government and business to individuals and to nonprofit institutions serving individuals.

Total and Per Capita Personal Income

South Dakota's 4.1 percent growth in total personal income for the 1988 to 1989 period was significantly lower than the 7.6 percent gain for the United States. South Dakota's farm economy during this period experienced declining grain prices followed by dwindling deficiency payments. As shown in Table VII, South Dakota's farm income dropped 22.3 percent. From 1980 to 1989, South Dakota's personal income growth averaged 7.4 percent per year, exceeding the 4.1 percent increase for the 1988 to 1989 period. Table I includes annual personal income figures for the U.S. and Plains States for the years 1980-1989. (see page 6)

Table II provides similar comparisons for per capita personal income. North Dakota and Nebraska tied with South Dakota with a 3.9 percent increase for the 1988 to 1989 period.

South Dakota's 1989 total personal income in current dollars is $9.4 million, but when deflated by the Consumer Price Index, it is $7.6 million (see Table IV). In real (inflation-adjusted terms), South Dakota's personal income decreased 0.7 percent, as contrasted to a nominal growth of 4.1 percent.

Total Disposable Personal Income

The Plains Region and the United States disposable personal income grew 5.9 percent and 7.1 percent, respectively. South Dakota lagged with an increase of 3.7 percent for the 1988-89 period (see Table V).

It is interesting to compare per capita disposable income as a percentage of per capita personal income. Table VI shows that South Dakota has consistently outpaced the Plains Region and United States, due primarily to the absence of a state personal income tax.

Major Sources of Personal Income

The sources of personal income are included in Table VII. The main area of growth favors the nonfarm income category, with an increase of 6.4 percent compared to a 22.3 percent drop in the farm sector in 1989. The effects of the drought and reductions in target prices for 1989, along with reduced deficiency payment receipts, have contributed to the decline of farm income.

South Dakota's leading areas of income growth by industry for the 1988 to 1989 period were in the following sectors:

Finance, Insurance and Real Estate	12.8%
Services	9.2%
Retail Trade	6.8%
Government	6.1%
Wholesale Trade	6.0%

Continued on page 6.

Continued from page 6

Table VIII summarizes the percent distribution of the sources of income earnings. Farming, which ranked third in 1987 and 1988 slipped to fifth place in 1989. Services were in first place comprising 22.6 percent of total earnings, followed by government with 19.7 percent. The increasing impact of manufacturing is evident in 1989, when this category moved into third place with 10.7 percent of the income from earnings. Figure A summarizes income distribution from industrial sources for 1987, 1988 and 1989.

County Personal and Per Capita Income

A three year comparison of total personal income and per capita income is included in the final two tables.

Endnotes

1. "Regional Perspectives-County and Metropolitan Area Personal Income, 1986-1988, " ***Survey of Current Business***, U.S. Department of Commerce, Vol. 70, No. 4, April 1990, p. 32.
2. Ibid.
3. Ibid.
4. Ibid.

Table I
Total Personal Income By States in Plains Region
(Millions of Dollars)
1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989P
IOWA	27,811	31,553	31,569	31,790	34,763	36,217	37,739	39,546	41,550	44,083
KANSAS	23,565	26,736	28,459	29,471	31,789	33,819	35,596	37,335	39,280	40,658
MINNESOTA	41,103	45,303	47,734	50,027	55,824	59,278	62,774	67,002	71,726	77,252
MISSOURI	45,779	50,982	53,723	57,091	62,525	66,729	70,490	74,721	79,458	84,771
NEBRASKA	14,589	16,862	17,576	17,987	19,778	20,808	21,583	22,514	23,701	24,747
NORTH DAKOTA	5,590	6,710	7,070	7,361	7,930	8,182	8,386	8,615	8,516	8,753
SOUTH DAKOTA	5,680	6,398	6,590	6,760	7,483	7,811	8,321	8,800	9,094	9,468
PLAINS REGION	164,116	184,543	192,722	200,485	220,093	232,842	244,889	258,533	273,325	289,732
UNITED STATES	2,254,076	2,514,231	2,663,432	2,834,385	3,101,163	3,317,545	3,519,364	3,766,092	4,053,282	4,360,919

P=Preliminary Estimate

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce

Table II
Per Capita Personal Income By Plains States
(Dollars)
1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989P
IOWA	9,537	10,815	10,868	10,979	12,022	12,619	13,290	14,014	14,680	15,524
KANSAS	9,941	11,189	11,809	12,137	13,022	13,812	14,482	15,085	15,736	16,182
MINNESOTA	10,062	11,015	11,547	12,069	13,409	14,144	14,898	15,784	16,649	17,746
MISSOURI	9,298	10,320	10,866	11,498	12,494	13,250	13,913	14,630	15,458	16,431
NEBRASKA	9,274	10,651	11,053	11,266	12,323	12,967	13,504	14,123	14,783	15,360
NORTH DAKOTA	8,538	10,148	10,518	10,803	11,548	11,951	12,358	12,829	12,764	13,261
SOUTH DAKOTA	8,217	9,248	9,487	9,672	10,613	11,029	11,758	12,401	12,741	13,244
PLAINS REGION	9,534	10,670	11,108	11,515	12,579	13,273	13,944	14,669	15,391	16,231
UNITED STATES	9,919	10,949	11,480	12,098	13,114	13,896	14,597	15,471	16,491	17,567

P=Preliminary Estimate

Source: Regional Economic Information System
Bureau of Economic Analysis

Table III
Percent Changes in Per Capita and Total Personal Income
Plains States

	% Change in Total Personal Income 1980-1989	% Change in Total Personal Income 1988-1989	% Change in Per Capita Income 1980-1989	% Change in Per Capita Income 1988-1989
IOWA	62.8	5.7	58.5	6.1
KANSAS	62.8	2.8	72.5	3.5
MINNESOTA	76.4	6.6	87.9	7.7
MISSOURI	76.7	6.3	85.2	6.7
NEBRASKA	65.6	3.9	69.6	4.4
NORTH DAKOTA	55.3	3.9	56.6	2.8
SOUTH DAKOTA	61.2	3.9	66.7	4.1
PLAINS REGION	70.2	5.5	76.5	6.0
UNITED STATES	77.1	6.5	93.5	7.6

Source: Tables I and II

Table IV
Total Personal Income in South Dakota
Current and 1982 Dollars
1980-1989
(1982-84=100)

	In Current Dollars	% Change From Previous Year	In 1982-84 Dollars	% Change From Previous Year
1980	5,680	2.3	6,893	2.6
1981	6,398	12.6	7,039	2.1
1982	6,590	3.0	6,829	-3.0
1983	6,760	2.6	6,787	-0.6
1984	7,483	10.7	7,202	6.1
1985	7,811	4.4	7,259	0.8
1986	8,321	6.5	7,592	4.6
1987	8,800	5.8	7,746	2.0
1988	9,094	3.3	7,687	-0.8
1989	9,468	4.1	7,635	-0.7

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce

Table V
Total Disposable Personal Income
U.S. and Plains States
(Millions of Dollars)
1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989P	PERCENT CHANGE 89/80	PERCENT CHANGE '89/88
IOWA	23,364	26,511	26,587	27,021	30,083	31,307	32,362	33,459	35,353	37,399	60.1	5.8
KANSAS	19,882	22,289	23,720	24,896	27,139	28,587	30,354	31,289	32,982	34,055	71.3	3.3
MINNESOTA	34,356	37,641	39,667	41,718	47,079	49,833	53,229	56,011	60,371	65,191	89.8	8.0
MISSOURI	39,160	43,375	45,266	49,025	53,832	57,662	60,958	64,426	68,598	73,017	86.5	6.4
NEBRASKA	12,385	14,451	14,726	15,457	17,291	18,212	18,743	19,452	20,494	21,325	72.2	4.1
NORTH DAKOTA	4,804	5,633	6,140	6,419	7,103	7,261	7,503	7,635	7,552	7,749	61.3	2.6
SOUTH DAKOTA	5,061	5,705	5,820	6,052	6,721	7,102	7,575	7,944	8,278	8,582	69.6	3.7
PLAINS REGION	139,013	155,605	161,926	170,588	189,248	199,964	210,715	220,216	233,629	247,318	77.9	5.9
UNITED STATES	1,914,331	2,121,830	2,255,123	2,424,880	2,662,051	2,832,081	3,007,642	3,195,715	3,467,873	3,713,804	94.0	7.1

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce

Table VI
Per Capita Disposable Income As A Percentage of Per Capita Personal Income
U.S. and Plains States
1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989P
IOWA	84.7	84.0	84.2	85.0	86.5	86.4	85.8	84.6	85.1	84.8
KANSAS	84.4	83.4	83.4	84.5	85.4	84.5	85.3	83.8	84.0	83.8
MINNESOTA	83.4	83.1	83.1	83.4	84.3	84.1	84.8	83.6	84.2	84.4
MISSOURI	85.5	85.1	84.3	85.9	86.1	86.4	86.5	86.2	86.3	86.1
NEBRASKA	84.9	85.7	83.8	85.9	87.4	87.5	86.8	86.4	86.5	86.1
NORTH DAKOTA	86.0	83.9	86.9	87.2	89.6	88.7	89.5	88.6	88.7	88.5
SOUTH DAKOTA	89.1	89.2	88.3	89.5	89.8	90.9	91.0	90.3	91.0	90.6
PLAINS REGION	84.7	84.3	84.0	85.1	86.0	85.9	86.0	85.2	85.5	85.4
UNITED STATES	84.9	84.4	84.7	85.6	85.8	85.4	85.5	84.9	85.6	85.2

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce

Table VII
South Dakota Personal Income by Major Source
(Millions of Dollars)
1987-1989

Income by Place of Residence	1987	1988	1989(P)	% Change 1987-89
Total Personal Income	8,800	9,094	9,468	7.6
NonFarm	7,850	8,368	8,904	13.4
Farm	950	727	565	-40.6
Derivation of Total Personal Income				
Earnings by Place of Work	6,127	6,259	6,447	5.2
Less: Personal Contributions for Social Insurance	374	420	464	24.2
Plus: Adjustment for Residence	10	10	10	5.1
Equals: Net Earnings by Pl. of Residence	5,763	5,849	5,993	4.0
Plus: Dividends, Int. & Rent	1,605	1,727	1,850	15.3
Plus: Transfer Payments	1,432	1,518	1,626	13.5
State U. I. Benefits	13	14	14	3.8
Transfers Excl. State U.I.	1,419	1,504	1,612	13.6
Earnings by Place of Work				
Components of Earnings				
Wages and Salaries	4,019	4,294	4,564	13.6
Other Labor Income	363	393	428	17.9
Proprietors' Income	1,745	1,571	1,455	-16.6
Farm	879	657	494	-43.8
Nonfarm	866	914	961	10.9
Earnings by Industry				
Farm	950	727	565	-40.6
Nonfarm	5,177	5,532	5,882	13.6
Private	4,042	4,337	4614	14.2
Agriculture Services, Forestry, Fisheries and Other	55	61	61	10.4
Mining	90	99	101	12.5
Construction	321	334	343	6.9
Manufacturing	602	662	687	14.2
Nondurable Goods	262	280	283	7.9
Durable Goods	340	382	405	19.1
Transportation & Pub. Utilities	450	470	478	6.2
Wholesale Trade	366	403	427	16.5
Retail Trade	607	642	686	12.9
Finance, Insurance & Real Estate	326	334	377	15.6
Services	1,226	1,333	1,456	18.7
Government and Government Enterprises	1,135	1,195	1,268	11.7
Federal, Civilian	274	297	322	17.3
Federal, Military	173	176	185	6.9
State and Local	688	723	762	10.8

P=Preliminary

Table VIII
Percentage Distribution of Total Personal Income
From Industrial Sources in South Dakota
Millions of Dollars
1987-1989

	1987		1988		1989	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Total Earnings by Place of Work	$6,127	100.0%	$6,259	100.0%	$6,447	100.0%
Labor & Proprietor's Income						
Farm	950	15.5%	726	11.6%	564	8.7%
Agriculture Services	55	0.9%	61	1.0%	61	0.9%
Mining	90	1.5%	99	1.6%	101	1.6%
Construction	321	5.2%	334	5.3%	343	5.3%
Manufacturing	602	9.8%	662	10.6%	687	10.7%
Transportation & Pub. Utilities	450	7.3%	470	7.5%	478	7.4%
Wholesale Trade	366	6.0%	403	6.4%	427	6.6%
Retail Trade	607	9.9%	642	10.3%	686	10.6%
Finance,Insurance & Real Estate	326	5.3%	334	5.3%	377	5.8%
Services	1,226	20.0%	1,332	21.3%	1,456	22.6%
Government and Government Enterprises	1,135	18.5%	1,195	19.1%	1,268	19.7%

Source: Table VII
Note: Summing individual items may not equal totals due to rounding.

FIGURE A
% Distribution of Income Earnings
Industrial Sources in SD, 1987-1989

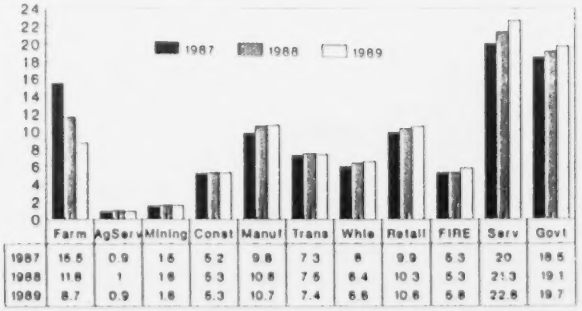


TABLE IX
Total Personal Income
South Dakota Counties
1986-1988

	1986	1987	1988	1988 Rank
South Dakota	8,321	8,800	9,094	—
Aurora	33	38	35	50
Beadle	231	244	249	6
Bennett	35	33	35	56
Bon Homme	81	88	90	23
Brookings	259	284	297	4
Brown	464	489	508	3
Brule	60	65	64	35
Buffalo	12	13	12	66
Butte	88	90	93	24
Campbell	28	26	30	59
Charles Mix	96	104	102	19
Clark	62	66	66	32
Clay	137	147	155	13
Codington	249	263	280	5
Corson	35	37	38	52
Custer	76	79	84	30
Davison	205	221	234	10
Day	90	91	92	25
Deuel	50	57	54	39
Dewey	41	42	44	45
Douglas	37	42	40	46
Edmunds	55	52	55	40
Fall River	88	95	98	22
Faulk	38	39	36	49
Grant	102	106	105	20
Gregory	60	63	64	33
Haakon	38	36	37	51
Hamlin	50	56	55	38
Hand	63	62	59	36
Hanson	28	34	32	55
Harding	21	21	22	63
Hughes	194	201	210	11
Hutchinson	104	111	112	18
Hyde	23	24	23	61
Jackson	26	28	25	60
Jerauld	28	30	29	58
Jones	22	21	19	62
Kingsbury	78	84	85	26
Lake	124	135	138	15
Lawrence	218	232	250	9
Lincoln	177	186	195	12
Lyman	42	41	40	47
Marshall	61	64	69	34
McCook	71	78	74	31
McPherson	40	39	39	48
Meade	234	245	255	7
Mellette	19	21	20	64
Miner	41	46	43	44
Minnehaha	1,678	1,791	1,918	1
Moody	75	86	82	28
Pennington	972	1,032	1,081	2
Perkins	62	59	57	37
Potter	53	52	45	41
Roberts	102	103	100	21
Sanborn	32	37	36	53
Shannon	51	53	54	42
Spink	128	126	129	16
Stanley	32	33	33	57
Sully	38	35	27	54
Todd	45	48	52	43
Tripp	81	83	85	27
Turner	104	112	114	17
Union	128	142	146	14
Walworth	83	81	81	29
Yankton	222	235	250	8
Ziebach	21	21	21	65
Metro. Portion	2,649	2,824	2,999	—
Nonmetro. Portion	5,672	5,976	6,095	—

Source: Regional Economic Information System,
Bureau of Economic Analysis

TABLE X
Per Capita Personal Income
South Dakota Counties
1986-1988

	1986	1987	1988	1988 Rank
South Dakota	11,760	12,404	12,754	—
Aurora	9,828	11,408	10,399	54
Beadle	12,623	13,274	13,584	10
Bennett	10,567	9,828	10,377	55
Bon Homme	11,667	13,047	13,239	17
Brookings	10,585	11,792	12,293	34
Brown	12,611	13,286	13,821	6
Brule	11,188	12,158	12,268	37
Buffalo	7,283	7,168	6,461	65
Butte	10,835	10,988	11,270	46
Campbell	12,707	11,775	13,875	5
Charles Mix	10,289	11,171	10,994	48
Clark	12,867	13,671	13,877	4
Clay	10,722	11,484	12,116	40
Codington	11,021	11,541	12,343	33
Corson	6,931	7,539	7,765	62
Custer	11,002	11,611	12,361	32
Davison	11,652	12,696	13,418	13
Day	11,423	11,687	11,984	42
Deuel	9,964	11,686	10,996	47
Dewey	7,588	7,636	8,132	61
Douglas	9,333	10,702	10,283	56
Edmunds	11,163	10,689	11,537	44
Fall River	11,187	12,264	12,915	22
Faulk	12,377	12,851	12,269	36
Grant	11,108	11,760	11,601	43
Gregory	10,466	11,098	11,356	45
Haakon	13,730	13,135	13,688	9
Hamlin	9,623	10,749	10,663	51
Hand	13,617	13,307	12,857	23
Hanson	8,474	10,303	9,691	57
Harding	11,685	12,105	12,555	26
Hughes	12,919	13,280	13,813	7
Hutchinson	11,945	12,938	13,190	18
Hyde	12,529	13,495	13,270	15
Jackson	7,660	8,206	7,472	63
Jerauld	10,237	10,784	10,438	53
Jones	15,024	14,783	13,557	11
Kingsbury	12,347	13,240	13,496	12
Lake	11,696	13,021	13,303	14
Lawrence	11,149	11,780	12,703	24
Lincoln	12,040	12,678	13,087	21
Lyman	11,155	11,226	10,834	49
Marshall	11,698	12,932	12,280	35
McCook	10,968	10,872	10,624	52
McPherson	12,054	12,727	12,002	41
Meade	10,102	10,452	10,752	50
Mellette	8,413	9,361	8,870	59
Miner	11,778	13,647	12,612	25
Minnehaha	13,807	14,562	15,285	1
Moody	11,097	12,702	12,162	38
Pennington	12,411	12,783	13,176	19
Perkins	13,410	12,897	12,478	29
Potter	14,525	14,199	12,504	28
Roberts	9,306	9,566	9,284	58
Sanborn	10,501	12,668	12,393	31
Shannon	4,411	4,639	4,625	66
Spink	14,568	14,618	14,909	3
Stanley	11,992	12,315	12,513	27
Sully	20,791	18,986	15,201	2
Todd	6,101	6,279	6,685	64
Tripp	11,414	11,874	12,131	39
Turner	11,848	12,755	13,135	20
Union	12,172	13,580	13,739	8
Walworth	12,399	12,215	12,404	30
Yankton	11,810	12,547	13,249	16
Ziebach	8,825	8,765	8,574	60
Metro. Portion	13,260	13,857	14,452	—
Nonmetro. Portion	11,170	11,819	12,057	—

Source: Regional Economic Information System,
Bureau of Economic Analysis

SOUTH DAKOTA INCOME AND EMPLOYMENT

TOTAL PERSONAL INCOME
United States, Plains Region and States
Fourth Quarter 1988-Fourth Quarter 1989
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1988	1989				% Change
	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	4th Qtr. 1988 4th Qtr. 1989
United States	4,166,501	4,258,955	4,331,901	4,381,863	4,470,967	7.3
Plains States	277,807	285,468	288,744	287,874	296,841	6.9
Iowa	41,298	44,137	44,103	43,428	44,662	8.1
Kansas	40,425	39,847	40,535	40,251	41,997	3.9
Minnesota	73,044	75,432	76,869	77,263	79,445	8.8
Missouri	81,368	82,934	84,319	85,033	86,797	6.7
Nebraska	24,055	24,836	24,787	24,312	25,053	4.1
North Dakota	8,411	8,826	8,656	8,370	9,163	8.9
South Dakota	9,205	9,456	9,475	9,218	9,723	5.6

Note: Detail may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
March 1989 and March 1990
(In Thousands)

				Average Weekly Hours		Average Hours Earnings	
	Mar. 1989	Mar. 1990	% Change	Mar. 1989	Mar. 1990	Mar. 1989	Mar. 1990
Total Employment	265.9	272.2	2.4				
Total Private	203.8	209.7	2.9	32.3	32.2	$7.54	$7.76
Mining	2.6	2.6	0.0	40.5	41.4	$12.37	$12.50
Construction	7.6	8.1	6.6	36.2	36.9	$10.30	$10.30
Manufacturing	31.4	31.6	0.6	41.6	40.6	$8.14	$8.38
Durable Goods	17.6	17.7	0.6				
Fabricated Metals & Mach.	10.7	10.8	0.9				
Nondurable Goods	13.8	13.9	0.7				
Food & Kindred Products	7.3	7.4	1.4				
Paper, Printing & Publishing	3.0	3.1	3.3				
Transportation & Pub. Utilities	13.2	13.1	-0.8	37.9	38.1	$10.83	$11.09
Transportation	7.8	7.7	-1.3				
Communication	3.1	3.1	0.0				
Electric/Gas/Sanitary Services	2.3	2.3	0.0				
Wholesale & Retail Trade	69.0	71.7	3.9	29.5	29.3	$6.24	$6.33
Wholesale Trade	18.0	18.3	1.7				
Durable Goods	8.3	8.4	1.2				
Nondurable Goods	9.7	9.9	2.1				
Retail Trade	51.0	53.4	4.7				
General Merchandise, Apparel & Accessory Stores	9.2	9.4	2.2				
Food Stores	7.9	8.5	7.6				
Finance, Insurance & Real Estate	15.2	16.2	6.6	35.2	34.6	$7.71	$8.06
Finance	9.9	10.8	9.1				
Depository Institutions	5.6	5.9	5.4				
Nondepository Institutions	3.7	4.2	13.5				
Insurance Carriers, Agents & Brokers	3.6	3.8	5.6				
Services	64.8	66.4	2.5	29.1	29.3	$7.09	$7.46
Hotels, Amuse., Pers. & Business	6.8	6.9	1.5				
Personal and Business	7.8	8.2	5.1				
Medical & Health	25.3	26.0	2.8				
Educational	5.2	5.3	1.9				
Social	4.9	5.2	6.1				
Membership	8.1	8.1	0.0				
Government	62.1	62.5	0.6				
Federal	11.0	10.9	-0.9				
State	16.5	16.9	2.4				
State Education	8.0	8.5	6.3				
Local	34.6	34.7	0.3				
Local Education	20.5	20.7	1.0				

Source: Developed by the South Dakota Department of Labor in cooperation with the U.S. Bureau of Labor Statistics

SOUTH DAKOTA AGRICULTURAL INDICATORS

VALUE OF CROP PRODUCTION
South Dakota
1988 and 1989
($000's)

Crop	Value of Production 1988	1989	% Change 1988-1989
Corn, Grain	314,160	391,140	24.5
Wheat, All	141,643	310,042	118.9
Winter	78,156	133,380	70.7
Durum	3,427	9,792	185.7
Other Spring	60,060	166,870	177.8
Sorghum, Grain	21,560	21,460	-0.5
Oats	51,400	66,000	28.4
Barley	21,303	49,088	130.4
Rye	4,770	5,022	5.3
Soybeans	299,359	256,620	-14.3
Flaxseed	1,619	1,974	21.9
Sunflower, All	22,903	23,489	2.6
Oil	22,391	22,579	0.8
Non-oil	512	910	77.7
All Hay	271,745	321,750	18.4
All Potatoes	6,720	9,306	38.5

Note: South Dakota value of production computed by multiplying marketing year average price by state production for that crop.

Source: South Dakota Crop & Livestock Reporter

PRICES RECEIVED BY FARMERS FOR COMMODITIES SOLD
SOUTH DAKOTA
March 1989 and 1990

		Base Period Price 1910-1914 Average	Mar. 1989	Mar. 1990	Mar. 1990 Price as % of Base	Mar. 1990 Price Above or Below Mar.1989
Wheat	Bu.	0.850	3.94	3.39	399	-14.0
Corn	Bu.	0.510	2.45	2.17	425	-11.4
Oats	Bu.	0.350	2.38	1.40	400	-41.2
Barley	Bu.	0.590	2.81	1.82	308	-35.2
Flaxseed	Bu.	1.680	1/	1/	0	
Cattle	Cwt.	5.240	75.80	75.20	1435	-0.8
Calves	Cwt.	6.080	91.00	94.90	1561	4.3
Hogs	Cwt.	7.070	39.20	51.50	728	31.4
Sheep	Cwt.	4.240	27.70	31.60	745	14.1
Lambs	Cwt.	5.660	76.20	68.50	1210	-10.1
Wool	Lb.	0.178	1.31	0.74	416	-43.5

1/ Not published. Insufficient sales.

Source: South Dakota Crop & Livestock Reporter.

SOUTH DAKOTA LOCAL CONDITIONS INDICATORS

SOUTH DAKOTA LOCAL CONDITIONS INDICATORS
(% Change Like Period Previous Yr.)

City	Total	Taxable Sales/1 Retail	Services	Telephone Services/2	Housing Starts/3	Postal Indicator/4	Employment*/2
Aberdeen	2.0	6.5	6.0	0.2		18.1	-5.2
Belle Fourche	8.7	7.7	9.5	2.5			3.4
Brookings	12.2	9.7	10.3	NA		-5.6	-1.1
Canton	1.5	5.7	12.6	0.2			-6.0
Chamberlain	8.2	1.4	67.6	2.9			0.9
Deadwood	59.2	56.5	49.0	4.2			1.2
De Smet	43.0	16.7	37.8	0.3			-2.8
Elk Point	2.7	1.5	27.3	1.9			2.8
Hot Springs	13.7	9.1	32.6	NA			-2.5
Huron	6.3	5.2	3.0	1.4	-92.1	5.9	0.7
Lead	4.4	18.8	62. 0	2.6			1.2
Madison	10.8	9.2	2.3	1.2			-1.5
Milbank	23.2	8.2	29.4	0.2	6.3		0.3
Mitchell	13.4	8.2	21.9	1.6		-5.1	-0.1
Mobridge	8.6	8.7	6.8	1.4			-0.4
Pierre	9.7	7.6	7.9	3.6	190.0	8.5	-1.1
Rapid City	11.4	10.2	18.3	2.6	341.7	9.0	2.1
Sioux Falls	11.1	10.7	11.3	1.9	143.9	-3.6	0.1
Spearfish	12.9	10.0	15.0	NA	290.9		1.2
Sturgis	20.7	15.8	24.1	3.6			-1.7
Vermillion	6.4	7.0	15.3	4.3	292.2		-1.0
Watertown	6.8	8.8	3.4	2.3	-33.7	9.4	1.4
Winner	8.1	9.3	1.8	-0.9			-0.8
Yankton	11.5	10.8	8.7	4.1	540.3	5.7	-0.4

*Based on County Data
1/ Percentage change for January-December 1989 and 1990.
2/ Percentage change for March 1989 and March 1990. Telephone data are for the number of access lines in service.
3/ Percentage change for Mar. 1989-1990. Data reported for housing represent the value of housing starts.
4/ Percentage change for the 1st quarter of 1989 and 1990. Included in postal indicators are: postage sales, postage meters for customers, meter imprint postage (3rd class regular), and second class postage.

SOUTH DAKOTA
Business Review

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CONSUMER PRICE INDEX*
United States
Jan.-Mar. 1990
(1982-1984=100)

	Jan.	Feb.	March	Unadjusted % Change Jan.-Mar.
All Items	127.4	128.0	128.7	1.0
Food & beverages	130.0	130.9	131.2	0.9
Food	130.4	131.3	131.5	0.8
Alcoholic beverages	126.2	126.9	127.8	1.3
Housing	125.9	126.1	126.8	0.7
Shelter	136.3	136.6	137.8	1.1
Renters' costs	142.0	143.5	144.8	2.0
Homeowners'cost	141.1	141.0	142.2	0.8
Fuel & other utilities	110.8	110.2	109.9	-0.8
Fuels	104.5	103.1	102.3	-2.1
Fuel oil, & other household fuel	113.1	95.4	91.5	-19.1
Gas (piped) & electricity	107.5	108.3	107.9	0.4
Other util. & pub. services	129.3	130.0	130.7	1.1
Household furn. & operation	112.1	112.8	112.8	0.6
Apparel & upkeep	116.7	120.4	125.4	7.5
Transportation	117.2	117.1	116.8	-0.3
Private transportation	115.9	115.6	115.1	-0.7
Public transportation	134.2	136.7	139.1	3.7
Medical care	155.9	157.5	158.7	1.8
Entertainment	129.9	130.4	130.9	0.8
Other goods and services	154.0	154.7	155.2	0.8

*Consumer Price Index for all Urban Consumers
Source: Bureau of Labor Statistics, U.S. Dept. of Labor

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